



HOUSING PRODUCTION PLAN

Prepared for the
TOWN OF HARWICH
www.harwich-ma.gov

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Prepared by

Karen Sunnarborg

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TOWN OF HARWICH, MASSACHUSETTS HOUSING PRODUCTION PLAN

Prepared by the Harwich Housing Plan Work Group

Nan Balmer, Assistant Town Administrator

Valerie Foster, Harwich Housing Authority

Gerry Loftus, Harwich Housing Committee

Jack Brown, Harwich Community Preservation Committee

Matt McCafferty, Harwich Planning Board

David Purdy, Harwich Community Preservation Committee

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TOWN OF HARWICH

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Table of Contents

	Page
I. Executive Summary	1
A. Introduction	1
B. Housing Goals	4
C. Summary of Development Challenges	4
D. Summary of Housing Needs	5
E. Summary of Production Goals	8
F. Summary of Housing Strategies	9
 II. Introduction	 14
A. Definition of Affordable Housing	17
B. Housing Goals	19
 III. Housing Characteristics and Needs	 20
A. Demographic Data	20
1. Population, Race and Household Type	20
2. Age Distribution	21
3. Income	25
4. Poverty	27
5. Employment	27
6. Education	28
7. Disability Status	28
8. Residency in 1995	28
B. Housing	28
1. Housing Characteristics	29
2. Housing Market Conditions	32
3. Affordability Analysis of Market Conditions	44
4. Subsidized Housing Inventory	47
C. Gaps Between Existing Needs and Current Supply	53
1. Rental Housing Needs	54
2. Homeownership Needs	55
3. Special Population Needs	56
4. Existing Housing Conditions Needs	57
5. Summary of Priority Housing Needs	57
D. Local and Regional Organizations	58
 IV. Obstacles to Development	 65
A. Infrastructure	65
B. Environmental Concerns	65
C. Zoning	66
D. Local Capacity	71
E. School Enrollment	72
F. Public Transportation	73
G. Availability of Subsidy Funds	73
H. Community Perceptions	74

V.	Property Inventory	75
VI.	Housing Production Goals	78
VII.	Housing Strategies	81
	A. Capacity Building Strategies	83
	B. Zoning and Planning Strategies	89
	C. Housing Production Strategies	93
	D. Housing Preservation and Assistance Strategies	101
	Appendix 1 – Summary of Housing Strategies	104
	Appendix 2 – Summary of Housing Regulations and Resources	105
	Appendix 3 – Glossary of Housing Terms	128

TOWN OF HARWICH

HOUSING PRODUCTION PLAN

I. EXECUTIVE SUMMARY

A. Introduction

Harwich is a resort and residential community located on the south side of Cape Cod at its elbow. The town, of about 12,300 year-round residents, is bordered by Dennis on the west, Brewster and Orleans on the north, Chatham on the east, and Nantucket Sound on the south. The town is about 12 miles from Hyannis and 82 miles southeast of Boston. The town is divided into seven villages including East Harwich, Harwich Center, Harwich Port, Pleasant Lake, West Harwich, North Harwich and South Harwich, each with its own composition of land uses and character. The highest level of year-round occupancy occurs in North Harwich although Pleasant Lake, East Harwich and Harwich Center are also predominantly year-round villages. South Harwich, Harwich Port, and West Harwich are more densely developed and have more seasonal housing units.

Harwich's small town character, extensive shoreline, rich historical connection to the sea, and rural nature have continued to lure visitors over the years – some who arrive for extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. But like most communities on the Cape, living in Harwich is expensive. While house prices have declined somewhat over the past several years given a sluggish housing market, median housing prices for single-family homes are still almost \$336,500 as of the end of May 2009, still out of reach for many year round residents.

A summary of some of the demographic and housing characteristics of Harwich versus Barnstable County and the state is included in Table I-1.

This information also shows how unique Harwich is, with sizable differences from other communities in the County and the state, some of which can be explained based on the following factors:

- *Housing Growth and Density*
Barnstable County has experienced significant housing growth, fifth highest among the state's 14 counties, and resulting increases in density, third highest among the 14 counties. Harwich has experienced somewhat greater housing growth than the County and state, but density levels still remain lower.
- *Preserved Open Space*
Almost 1,500 acres of approximately 13,443 total acres in land area are protected against development in Harwich. This significant reserve of open space as well as undevelopable natural resources, more than eleven miles of coast, a rich history, and quaint New England seaside charm, have served to make Harwich a particularly appealing place, attracting tourists, retirees and second home owners.
- *Seasonal Housing Pressures*
In 2000, more than 40% of the town's housing stock was occupied by seasonal or occasional residents as compared to 32% for Barnstable County as a whole, where one would expect a high level of such residents, and a state average of only 3.6%. Latest figures indicate that this level of seasonal dwellings and second homes has risen to more than 45% with yearly new housing permits averaging three (3) such units to one (1) year-round unit. Consequently, in the summer months Harwich's resident population increases exponentially, putting substantial pressure on

Town services and the long-term, permanent population. The Town estimates that the total number of summer visitors actually comes close to 37,000. This temporary population, however, has bolstered the local economy and employment has increasingly focused on servicing these residents.

Table I-1
Summary of Demographic and Housing Characteristics for
Harwich, Barnstable County and the State

Characteristics	Harwich		Barnstable County		Massachusetts	
Household Characteristics						
	2000 Census	2009 Estimate*	2000 Census	2008 Estimate*	2000 Census	2008 Estimate*
% less than 18 years	18.3%	15.6%	20.4%	17.7%	23.6%	22.0%
% 20 to 34 years	11.1%	12.5% (21-34)	13.2%	15.5%	21.0%	19.8%
% 35 to 44 years	13.8%	10.7%	15.3%	12.5%	16.7%	14.7%
% 45 to 54 years	14.0%	13.6%	14.8%	15.0%	13.8%	15.4%
% 55 to 64 years	11.7%	13.8%	11.5%	13.4%	8.6%	11.6%
% 65 years or more	29.6%	30.9%	23.1%	24.0%	13.5%	13.4%
Median age	48.8 years	51.2	44.6 years	46.3	36.5 years	38.7
% non-family households	36%	--	36%	37.4%	36%	36.4%
Average household size	2.20 persons	2.17	2.28 persons	2.33	2.51 persons	2.33
Median income 2000	\$41,552	\$65,237 (\$55,601)	\$45,933/ \$72,115	\$57,314	\$50,502	\$65,401
Individuals in poverty	5.5%		7%	7.4%	9%	9.7%
% earning less than \$25,000	26.6%	22.3%	24.6%	19.4%	24.6%	19.8%
% earning more than \$100,000	9.7%	8.4%	12.4%	23.7%	17.7%	30.2%
% occupied housing	57.9%	--	64.5%	59.6%	93.2%	90.2%
% owner-occupied	82.3%	82.3%	77.8%	81.2%	61.7%	64.5%
% renter-occupied	17.7%	17.7%	22.2%	18.8%	38.3%	35.5%
% seasonal or occasional use	38.0%	--	32.0%	--	3.6%	--
% single-family, detached structures	88.2%	88.3%	82.9%	83.6%	52.4%	52.9%
Housing growth 2000 to 2008	8.4%		6.2%		4.3%	
Housing density 2000 to 2008	285.1 to 309.0 units per square mile		371.6 to 394.5 units per square mile		334.5 to 349 units per square mile	
Median sales price/ 5/09	\$183,000/\$336,500		\$178,800/\$300,000 (8/09)		\$185,700/\$264,900	

Source: Data for the above table is derived primarily from the 2000 census, however, some updated estimates have been incorporated. * The numbers for the County and state are updated census projections based on the 2008 American Community Survey unless otherwise noted. The estimates for Harwich are from the Nielsen Claritas data source 2009. -- Indicates data not available.

- *Older Population*

In comparison to the Cape and state in general, Harwich's population is older, with a median age of 48.8 years as opposed to 44.6 and 36.5 years for the County and state, respectively. Additionally, the town had a higher proportion of residents 65 years of age or older, 29.6% versus 23% for the County and only 13.5% for the state based on 2000 data and up to 30.9% based on 2009 estimates. This population is predicted to continue to increase substantially over the next decade, predicted by a recent Council on Aging report to comprise up to 60% of the population by 2020.

Related to a somewhat older population is the lower portion of school-age children under 18 years of age with Harwich at 18.3%, the County at 20.4% and 23.6% for the state in 2000 and 15.6%, 17.7% and 22%, respectively, based on 2008 or 2009 estimates. The relatively smaller numbers of children relates directly to the increasing numbers of non-family households and dwindling numbers of those aged 20 to 34 who are forming new families and entering the labor market, 11.1% of all households in Harwich but 13.2% for the Cape in general and 21.0% for the state. The high cost of living in Harwich, the lack of affordable housing in particular, as well as limited employment opportunities are likely creating barriers for this age group and making it increasingly more likely that those who were raised in Harwich will not be able to raise their own families locally without housing subsidies.

- *Lower Incomes*

The 2000 median income in Harwich was lower than that for the County and state, \$41,552 versus \$45,933 and \$50,500, respectively. Updated 2009 projections for Harwich and the Cape are \$65,237 and \$70,337 based on changes in HUD area median income over this period. Other estimates indicate lower income levels, with Harwich still lower than the County and state. Additionally, the percentage of those earning less than \$25,000 annually was higher in Harwich, 26.6%, while it was 24.6% for the County and state. At the other end of the income range, there were fewer year-round residents in Harwich and the County earning more than \$100,000, 9.7% and 12.4%, respectively, when compared to the state at 17.7%. The updated information in Table I-1 suggests a continuation of these trends.

- *Escalating Housing Market Conditions*

The 2000 median house price provides a comparison of Harwich's housing market to that of Barnstable County and the state, with higher market values than the County -- \$183,000 versus \$178,800, but lower than the state at \$185,700. Since that time housing prices have soared and then more recently have softened. Harwich's median house value for a single-family home was \$366,250 as of May 2008. To afford this price, a purchaser would have to earn approximately \$100,000 based on conventional lending practices, well beyond the means of most local residents. Escalating housing prices have been also reflected in increased property taxes, which in combination with rising energy bills and insurance costs, cause a serious financial strain on long-term residents, particularly those with fixed incomes. Applying the 2008 adjusted median income estimate of \$63,630 for Harwich, based on the 53% change in the HUD median income levels for Barnstable County between 2000 and 2008, resulted in an affordability gap of \$136,250, the difference between what the median income household could afford (\$230,000) and the median priced house (\$366,250). However, since mid-2008, house prices and interest rates have declined significantly, decreasing the affordability gap to approximately \$75,000 based on an updated median sales price of \$336,500, an updated median income of \$65,237 and 5.5% interest rates. Nevertheless, many potential purchasers are finding it more difficult to obtain financing in this national financial crisis.

- *Scarce Supply of Affordable Housing*

The supply of housing for working families is dwindling as homes that were priced reasonably in the past have more than doubled in value given market pressures brought on by a buoyant regional economy and the demand from the seasonal, second home and retirement market. The market has softened somewhat over the past couple of years throughout the Cape, New England and the nation, however, it still remains very high. There are few single-family homes on the market for less than \$300,000 for example. Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Harwich had 5,862 year-round housing units¹, of which 261 can be counted as affordable, representing 4.5% of the year-round housing stock. Recent and projected project activity will bring this percentage up to about 7.0%. To meet the state's 10% affordable housing goal under Chapter 40B of the Massachusetts General Laws, at least 586 of the existing units would have to be "affordable". This means that right now Harwich is well short of the 10% standard, and assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

B. Housing Goals

This Housing Production Plan incorporates the goals that were established as part of the Housing Strategy that was approved by the Town in a special town meeting on May 6, 2003. These goals are as follows:

- 1) To promote the annual development of affordable housing – whether by new construction, acquisition, and/or conversion of existing buildings – through Town action and the actions of others, striving to produce 29 units of affordable housing annually, approximately 70% of which will provide for the need of rental housing.
- 2) To promote the development of funding sources and income streams to support the development of affordable housing.
- 3) To continue to review Town by-laws and other regulations and strive to remove barriers preventing the development of affordable housing.

The 2003 Housing Strategy highlighted the importance of making progress towards the state's 10% affordability goal under Chapter 40B through a wide range of initiatives. From 2003 to 2008, Harwich added less than 30 units of affordable housing, however as of July 2009, the Town has 40 affordable units permitted to proceed and another 92 affordable units in various stages of development.

C. Summary of Development Challenges

Undertaking a more proactive housing agenda to promote affordable housing will be a significant challenge in Harwich. First, the town's resources for absorbing growth are limited given significant physical constraints. In addition to the considerable extent of the town's preserved open and recreational space and sensitive environments, Harwich has no sewer services and a few areas are still without municipal water, making denser development more costly and difficult. This raises concerns among residents about water supply and water quality impacts of any new development

Second, local zoning provides substantial obstacles to workforce housing development, and current regulations would have to be reformed or in many cases overridden through "friendly" comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small coastal town distinctions.

¹ Based on 2000 census data but 10% goal will be adjusted when the new year-round housing unit count becomes available from the 2010 census, sometime in 2011.

Third, the Town needs to continue to promote more affordable development by effectively managing the Town's limited assets as a whole and directing growth for the overall environmental and social health of the community. Besides Community Preservation Funds, Harwich has established a special housing fund that has been creatively capitalized from rental proceeds of a cell tower on Town property and the sale of a Town-owned property. Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base. While tax revenues are increasing based on rising property values, Harwich, like other nearby communities, has a relatively low tax rate of \$6.25 per thousand² as opposed to more than \$15.00 per thousand in quite a few other communities in the Boston region. On the Cape property tax rates vary from \$3.74 in Chatham to \$10.27 in Sandwich.

Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance and utilities, some residents are finding it increasingly difficult to afford to remain in Harwich. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased expenses, but are unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to "buy up," purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Harwich and are confronted with longer commutes as the increasing affluence of the area squeezes them out of the housing market. In the summer of 2008, one local realtor even mentioned that rising gas prices are pushing people out of the area entirely, closer to their workplace. Clearly more housing options are required to meet local needs and produce Harwich's fair share of regional needs.

D. Summary of Housing Needs

The Housing Needs Assessment, recently updated, is a major component of this Housing Plan, examines market conditions as well as demographic and housing trends, local resources, and affordability gaps to determine priority local needs. This information then forms the context within which the Town can better plan for new development and guide growth in the most appropriate areas with adequate incentives to support some integration of affordable housing.

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are significant local needs for affordable housing that go well beyond what is required to meet the 10% state goal including:³

1. *Households with Limited Incomes*

- Despite increasing household wealth, there are substantial numbers of households with incomes below \$25,000, 1,455 households or almost 26.6% of all households, based on 2000 census data. There are substantially more of these households than subsidized units available (261 units), and they are challenged to compete in Harwich's very tight housing market. Updated 2009 estimates suggest that those in this income range have declined somewhat, to 22.3% of all households.
- There were 2,219 households with incomes at or below 80% of the 2000 area median income. Therefore, based on income alone, about 40% of Harwich's households might have qualified for housing assistance. The 2009 estimates suggest this level has increased to 45%.
- The absolute numbers and proportion of those with incomes below the poverty level actually increased from 1979 to 1999 from 6.4% of the population to 7.8% and from 573 people in poverty to 668.

² For fiscal year 2008.

³ Based on 2000 census data except as noted.

- There were 494 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, and of these 330 were owners and 164 were renters. Of these households, 49% of both the owners and renters, or 308 total households, were spending more than 50% of their income on housing-related expenses.
- Of the 619 households earning between 30% and 50% of area median income, referred to as very low-income households, almost half were spending over 30% of their income on housing and more than one-quarter were spending more than 50% on housing.
- There are also few if any housing options for seasonal workers who are essential for sustaining Harwich's significant resort market.

Priority Need #1: Given the high costs of housing, more subsidized rental housing is necessary to make living in Harwich more affordable, particularly for those described above with very limited financial means.

2. Affordability Gaps

- In 2000 there were more than 1,300 households, or about one-quarter of all Harwich households, who were living in housing that by common definition is beyond their means and unaffordable as they were paying more than 30% of their income on housing-related expenses.
- Almost half of the households with incomes within 80% of area median income were experiencing overcrowding or housing affordability problems.
- Real estate listings as of June 30, 2009, included only two (2) single-family homes on the market in Harwich for less than \$200,000 and only 16 homes for less than \$300,000.
- Information from the Town Assessor on the FY 2008 assessed values of residential property in Harwich confirms that there are relatively few residential properties that are valued in the affordable range below \$200,000, only 66 single-family homes and one multi-family property. The bulk of the lower valued properties, including 380 units, are condominiums. About two-thirds of the condos were valued at less than \$300,000. Condominiums in fact are a significant part of Harwich's housing stock, totaling more than 800 units and the most affordable component of the community's private housing.
- Applying the 2008 updated median income estimate of \$63,630, based on the 53% change in the HUD median income levels for Barnstable County between 2000 and 2008, resulted in an affordability gap of \$136,250, the difference between what the median income household could afford (\$230,000) and the median priced house (\$366,250). The affordability gap has widened considerably since 2000, as it was only \$33,000 at that time.
- As of the end of 2008 this gap had narrowed to \$118,500 based on the median price at that time of \$348,500. Several months later the gap was further reduced to \$75,000 given a median price of \$335,000, a new adjusted 2009 income of \$65,237 (that could finance a \$260,000 mortgage) and lower interest rates down to about 5.5%.⁴ More stringent lending requirements, including 20% down payments, have made it more difficult to purchase homes, affectively increasing the affordability gap. Financing for condos has become particularly difficult to secure.
- For those earning at 80% of area median income, the affordability gap was \$171,250 in 2008, the difference between the maximum they could afford of \$195,000 and \$366,250, the median priced house up from \$54,500 in 2000. However, as of the end of March 2009, the gap was reduced to \$115,000 for a three-person household, earning \$55,900, and \$140,000 for a two-person household, earning \$49,700, based on adjusted 2009 median income levels, an updated median

⁴ Figures based on 95% financing, interest of 5.5%, 30-year term, annual property tax rate of \$6.25 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$250.

- price of \$335,000 and a reduced mortgage interest rate of 5.5%. Moreover, an \$8,000 federal tax credit for first-time homebuyers adds to affordability (available through November 2009).
- There were 1,106 households earning between 50% and 80% of median income and more than one-third were spending over 30% of their income on housing with about 7% spending more than 50% on housing.
 - Rental listings in 2008 indicate that the year-round market rents for an average two-bedroom unit is at least \$1,200 per month, affordable to a household earning \$60,000 annually, assuming utilities are included in the rents. Winter rentals are a bit lower fetching about \$1,000 per month, affordable to households earning about \$40,000, once again assuming the inclusion of utilities in the rent. In mid-2009, the year-round rental for an average two-bedroom unit is down to about \$1,000 per month, but a bit higher for winter rentals based on available listing.
 - Demographic trends also suggest that those entering the labor market and forming new families in Harwich are dwindling in numbers, reducing the pool of entry-level workers and service employees. For example, in 1980 this group comprised about 15.1% of Harwich's residents, but by 2000 the number of those in this age category comprised only 10.4% of all residents.

Priority Need #2: Wider range of affordable housing options including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families, as well as for empty nesters.

3. *Special Needs Households*

- More than 2,670 residents claimed some kind of disability. Of the 2000 population age 5 to 20 years old, 190 or 9.3% had some disability. Of those aged 21 to 64, 1,429 residents, or 23% of the persons in the age range, claimed a disability. About 75% of this group was employed, leaving another 25% unemployed, likely due to their disability. In regard to the population 65 years of age or older, 1,055 seniors or about 30% of those in the age group claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Harwich community.
- While Harwich's total population has declined somewhat, the senior population has increased to 39% of all residents and is expected to represent almost 60% of Harwich's population by 2020, based on a recent Harwich Council on Aging report.⁵
- Almost half of the extremely low-income elderly owners and renters (earning at or below 30% of area median income) were spending more than 50% of their incomes on housing.
- There were 39 seniors who rented and were spending more than 50% of their income on housing.
- The only affordable rental units for seniors is Pine Oaks Village where there are two to three-year waits for a unit and where only a couple of handicapped accessible units are available (there were 120 persons on the wait list for Pine Oaks I and II and 20 on the wait list for Pine Oaks III), and Davenport units in Harwich Port that are not part of the Subsidized Housing Inventory but provide rentals at the lower end of the price range from about \$1,000 to \$1,250.
- There are no affordable assisted living units in Harwich.

Priority Need #3: Some amount of new housing should be built handicapped-adaptable or accessible to the disabled, including seniors, and more supportive housing services should also be integrated into new development – goal of 10% of all new units created, 20% for seniors.

4. *Existing Housing Conditions*

- About 42% of Harwich's housing stock was built prior to 1970, and houses in this age category are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions.

⁵ Wheeler Performance Group, Harwich Council on Aging Strategic Plan (2009-2019), May 18, 2009. The report defines the senior population as those age 59 ½ or more.

- Because there are no municipal sewer services, it is likely that some existing septic systems are failing or in disrepair.
- There are a very limited number of handicapped accessible units in the town's Subsidized Housing Inventory.

Priority Need #4: Programs to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes, and including investor-owned properties tenanted by qualifying households.

This Housing Needs Assessment suggests that the Town of Harwich establish the following targeted affordable housing production goals based on priority housing needs over the long-term.

Table I-2
Summary of Priority Housing Needs and Targeted Production Goals

Type of Housing	Seniors/Single persons** One Bedroom Units	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	135	95	40	270
Ownership	30	30	70	130
Total	165	125	110	400
Special Needs*	(33) 20%	(12) 10%	(11) 10%	(56) 14%

Source: 2000 HUD SOCDS CHAS and Census data, Karen Sunnarborg Consulting

* Represents 10% of all units created in family housing and 20% in senior/single person housing.

** Approximately 10% of units in this category directed to non-elderly, single person households.

While demographic trends suggest increasing needs among seniors, these long-range production goals place a somewhat greater emphasis on family units because the bulk of the housing units currently included in the Town's Subsidized Housing Inventory are targeted specifically to seniors, 163 of the total 261 units or 62.4%. As a result, the goals have been adjusted, reducing the one-bedroom goals by one-third, adding these units to the family unit goals and also adding 16 units for non-elderly single-person households in the one-bedroom category.

Table I-3
Summary of Priority Housing Needs and Adjusted Production Goals

Type of Housing	Seniors/Single Person One Bedrooms	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	90/13	125	55	283
Ownership	20/3	33	77	133
Total	110+16 or 126	158	132	416
Special Needs*	(22/3)	(16)	(13)	(54)

Source: 2000 HUD SOCDS CHAS and Census data, Karen Sunnarborg Consulting

* Represents 10% of all units created in family housing and 20% in senior housing and single-persons.

E. Summary of Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .50% over one year or 1.0% over two-years of its

year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.⁶ Harwich would have to produce at least 29 affordable units annually to meet these production goals through 2010. Despite considerable progress towards promoting affordable housing in recent years, it will still be a substantial challenge for Harwich to meet this prescribed annual affordable housing production goal of 29 units or a total of approximately 58 bedrooms. This goal is likely to increase to about 34 units (or approximately 68 bedrooms) after the next decennial census count becomes available and housing growth will continue to drive-up the 10% goal. If the state certifies that the locality has complied with its annual production goals, the Town may be able, through its Zoning Board of Appeals, deny comprehensive permit applications.⁷ Production goals over the next five (5) years include the creation of 180 affordable units and 16 workforce units⁸, and 196 total projected number of housing units created.

F. Summary of Housing Strategies

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning and Planning Strategies, Housing Production and Housing Preservation and Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. A summary of these actions is included in Appendix 2. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.⁹

It should be noted however, that while a major goal of this Plan is to eventually meet the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples include the promotion of accessory apartments or even workforce housing for those earning between 80% and 120% of area median income).

Within the context of the compliance issues, local needs, existing resources, affordability requirements, and the goals listed in Section 2 of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.* Moreover, the

⁶ The state has issued changes to Chapter 40B that included modifications to the Planned Production requirements. For example, the annual production goals are instead based on one-half of one percent of total housing units and plans are now referred to as Housing Production Plans (HPP).

⁷ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

⁸ Workforce units are defined in this Plan as those earning between 80% and 120% of area median income who are still largely priced out of the existing housing market.

⁹ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

proposed actions present opportunities to judiciously invest limited Community Preservation funding to build local capacity, modify or create new local zoning provisions and development policies, subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, and help preserve the existing affordable housing stock.

1. *Build Local Capacity*

As noted in the Housing Needs Assessment, the Town of Harwich has made considerable progress in producing affordable housing during the past few years, bringing the number of affordable units from 261 to 316 with additional units in the pipeline that should lead to the Town having 7.0% of its year-round housing stock defined as affordable under state guidelines within the next several years. This level of activity was spurred by partnerships created between the Town and developers including the support of a capable Housing Authority and an active Housing Committee. Key components to building on the substantial progress that has been accomplished to date and bolstering local capacity include:

- ***Plan***

The Town adopted a brief Housing Strategy at its Special Town Meeting on May 6, 2003. The first recommendation was to adopt a plan and strategy with concrete production goals. During 2008 the Town prepared a Housing Needs Assessment and this Housing Production Plan represents the culmination of the 2003 recommendation. The Plan will provide the necessary blueprint for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. The Plan will also provide important guidance on how to invest funding from the Affordable Housing Fund and CPA for housing and be helpful in making Harwich more competitive for state discretionary funding under the Commonwealth Capital Program (see strategy VII.A.3 for more information on this program). The Plan will provide the Town with a comprehensive resource on housing issues in Harwich that can be readily updated as necessary.

- ***Dedicated Municipal Oversight***

Harwich has created a viable organizational structure to implement the Housing Production Plan. The Town has an active Housing Committee and Housing Authority to promote affordable housing issues and development. Moreover, the Community Preservation Committee (CPC) has been very supportive of affordable housing initiatives and is involved in the preparation of this Housing Production Plan, participating in the planning process and providing funding support. It will be incumbent on the Town to continue to foster coordination among these parties towards the implementation of the Housing Plan, securing support from other important boards and committees including the Planning Board, Zoning Board of Appeals and Board of Selectmen.

- ***Housing Fund***

The second recommendation in the 2003 Housing Strategy was to “establish a local fund for affordable housing for the receipt of cash contributions, state and private grants, and local funds dedicated to affordable housing”. The Town has created this special fund, its Affordable Housing Fund, and has capitalized it through a number of sources.

- ***Professional Support***

In order to oversee the implementation of the Housing Plan, the Town of Harwich will need ongoing professional help. The Town is fortunate to have a capable Housing Authority that in addition to owning and managing 20 units of publicly-assisted housing, has been engaged by the Town to administer a number of special initiatives including a Rental Assistance Revolving Loan Program, the American Dream I and II Programs (involving new home construction on Town-

owned lots scattered throughout Harwich), Buy-Down Program, Second Story Program and Main Street Extension Project in coordination with the Community Development Partnership (formerly called the Lower Cape Cod Community Development Corporation). While the Housing Authority has been responsible for insuring that its new units meet all state requirements and are eligible for inclusion in the Subsidized Housing Inventory, it will be important for the Town to identify a municipal staff person who will be responsible for coordinating this work for other affordable units, hire the Housing Authority to conduct this work on a broadened professional services contract, or bring on a consultant (see strategy VII.A.2). Consultants are also likely to be needed to offer specialized expertise and to further supplement existing staff resources.

- ***Comprehensive Permit Guidelines***

The Town of Harwich adopted “Regulations and Procedures for Accepting Comprehensive Permit Applications Under the Local Initiative Program (LIP)” in May 2000. These guidelines included a list of qualifications for use in determining, at least initially, the acceptability of a project for support from the Board of Selectmen in a “friendly” 40B project. This document has been of some use, but should be revisited to make them more consistent with current needs, priorities, resources and market conditions as well as state comprehensive permit regulations and guidelines (see strategy VII.B.5).

- ***Partnerships***

The successful implementation of this Housing Production Plan will require continued access to a wide range of resources – financial and technical – as well as maintaining important partnerships with a range of organizations, funding agencies, developers and lenders on new initiatives. Over the past few years Harwich has relied on a number of organizations for a significant amount of its housing production activity including the Harwich Housing Authority, Harwich Ecumenical Council for the Homeless, Habitat for Humanity of Cape Cod, the Community Development Partnership, for example. The Town should continue to foster these partnerships and reach out to developers via Requests for Proposals.

- ***Local Leadership and Community Support***

Last but not least, communities that have made considerable progress in producing affordable housing, like Harwich, typically have leaders who are willing to advocate for new housing initiatives and residents who recognize the importance of diversifying the local housing stock. Because most of the housing strategies rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Strategic efforts to better inform key officials and residents on the issue of affordable housing and specific new initiatives to build local support will help generate a greater understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes. These opportunities will also help the Town obtain useful feedback on its housing agenda (see strategy VII.A.1).

Specific actions to help build local capacity to meet local housing needs and production goals are detailed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda and build local support for new affordable housing initiatives.

- ***Conduct ongoing educational campaign (Channel 18, public hearings, print media, events, etc.)***

Continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative stereotypes and to help galvanize local support, political and financial, for new production.

- *Secure sufficient professional oversight*
Hire the necessary professional expertise to provide ongoing staff-support to effectively coordinate the implementation of various components of the Housing Plan.
- *Continue to apply for Commonwealth Capital scoring*
Continue to prepare and submit the scoring application under the state's Commonwealth Capital Program prior to applying for any of the state's capital spending programs or as required to be competitive for state discretionary program funding related to housing, infrastructure, transportation, economic development, etc.

2. ***Zoning and Planning Strategies***

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and better guide new development to specific "smarter" locations. The Town of Harwich should consider the following zoning or planning-related strategies to provide appropriate incentives and guidance to promote the creation of additional affordable units.

- *Integrate affordable housing in the Open Space Residential Development (OSRD) bylaw*
Consider density bonuses for the integration of some amount of affordable housing into the bylaw and allow some multi-family dwelling types as well. More incentivized density bonuses and affordability requirements should encourage mixed-income development and support project feasibility.
- *Adopt inclusionary zoning*
Adopt inclusionary zoning *with incentives* to ensure that any new residential development in Harwich provides a percentage of affordable units or cash in-lieu of units to be invested in the town's special Affordable Housing Fund.
- *Promote affordable housing in mixed-use development*
Integrate affordable housing in the Village Commercial Overlay District and Harwich Center Overlay District mixed-use bylaw, allowing the density that will make high quality development economically feasible and promoting the use of the Second Story Program to fund feasibility analyses of adding an affordable rental unit above businesses in the Harwich Port Business District. The Town should also explore extending higher density and second story zoning to all villages.
- *Modify the accessory apartment bylaw*
Amend the existing accessory apartment bylaw to better promote new accessory units that meet a range of local needs and help diversify the housing stock without significant impacts on the surrounding neighborhood.
- *Revise Local LIP Regulations and Procedures*
Revise the Town's "Regulations and Procedures for Accepting Comprehensive Permit Applications Under the Local Initiative Program (LIP)", which were adopted by the Board of Selectmen in May 2000, to make them more consistent with current needs, priorities, resources and market conditions.

- *Explore opportunities for producing affordable seasonal units*
Explore what, if any, such affordable seasonal housing has been developed on the Cape and determine if there may be some opportunity to establish comparable efforts in Harwich.

3. *Housing Production*

The Town of Harwich has made considerable progress in producing affordable housing during the past few years, but to accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create additional affordable units.

- *Continue to make publicly-owned land available for affordable housing*
Conduct necessary feasibility studies to publicly-owned properties and convey suitable properties to selected developers for some amount of affordable housing.
- *Continue to partner with developers*
Continue to reach out to area non-profit and for profit developers who have been active in producing affordable housing to discuss the Town's interest in promoting these units, possible areas and opportunities for new development, local guidelines and priorities for new development and the prospects for new projects..
- *Convert existing housing to long-term affordability*
Explore various program models for converting existing housing to units that have long-term affordability restrictions and prepare an implementation plan that outlines program procedures and the respective roles and responsibilities of various municipal staff persons and boards and committees to implement.
- *Promote accessory apartments*
Promote the existing accessory apartment bylaw, fine-tuning the bylaw as described in strategy VII.B.4 as well as exploring other efforts to promote affordable accessory apartments that have worked in other communities.

4. *Housing Assistance and Preservation*

Housing production is critical, but the Town also needs to be concerned that it does not lose units already counted as part of its Subsidized Housing Inventory and provides resources to support the deferred home maintenance needs of lower income residents, including seniors.

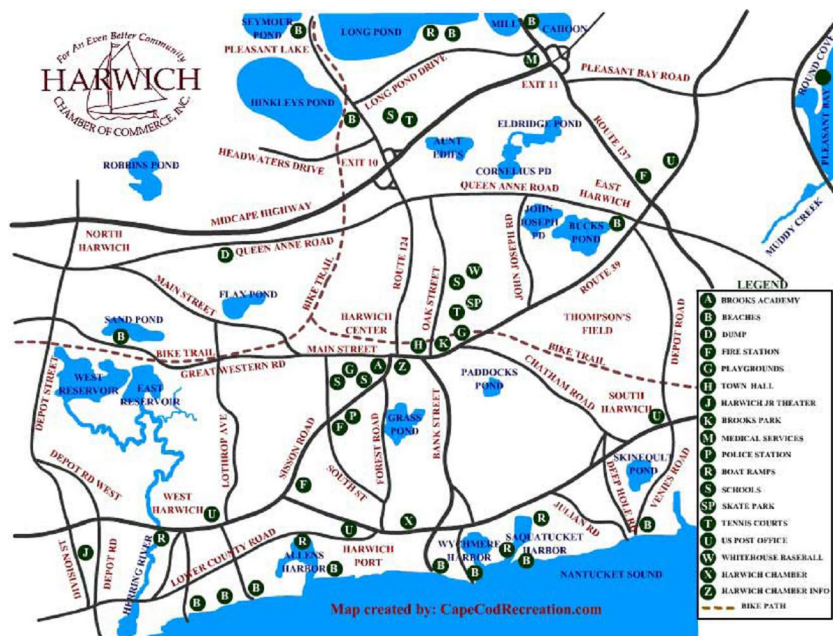
- *Monitor Subsidized Housing Inventory*
Insure that all affordable units, current and future, remain a part of the Town's Subsidized Housing Inventory to the greatest extent possible.
- *Help qualifying homeowners access housing assistance*
Disseminate information and make referrals to local, regional and state programs that provide technical and financial assistance to help qualifying property owners make necessary home improvements including building code violations, septic repairs, handicapped accessibility improvements, lead paint removal, etc.

II. INTRODUCTION

Harwich is primarily a resort and residential community that is also an attractive tourist and retirement area. The town is nestled in the geographic middle of Cape Cod, located on Nantucket Sound approximately 12 miles east of Hyannis and 82 miles from both Boston and Providence. It is between the two economic activity centers of Hyannis and Orleans and in close proximity to the National Seashore.

Harwich encompasses about 21 square miles of land area including almost 11 miles of tidal shoreline with four picturesque harbors. In addition to the extensive coastline, miles of rivers and marshes provide every form of aquatic activity, scenic beauty, and important natural ecosystems that require protection. There are also 22 freshwater ponds, two reservoirs¹⁰, two scenic river corridors along the Herring River and Muddy Creek, and over 320 acres of forests, water and wetland in the Bells Neck Road/Salt Marsh/Reservoir area. These natural features not only provide important wildlife habitats and watershed protection, but also serve to draw summer visitors, second home owners and retirees to Harwich thus placing substantial pressure on existing developable land and pushing housing prices up beyond the means of most long-term residents. Additionally, significant population growth, particularly in the summer season, while stimulating the local economy, also presents the town with a host of other challenges. A compelling question is whether Harwich will be able to sustain the diversity of ages, occupations, and incomes residents so treasure in light of escalating land and home values.

This Housing Needs Assessment examines the issue of housing in Harwich, particularly housing affordability, to present a documented snapshot of current conditions and trends. It also looks at the gaps between what housing is available to serve local residents and what is required to meet local needs, including a review of local, regional and state resources. This Housing Needs Assessment in fact reflects a recommendation included in the Town's Local Comprehensive Plan to update an affordable housing analysis every three (3) years.



¹⁰ The East reservoir is a tidal basin and the West reservoir is a dammed up river basin, both of which are not used for the town's drinking water supply.

The Town also approved a Housing Strategy at a Special Town Meeting on May 6, 2003, that included 19 recommendations for promoting affordable housing. The Housing Strategy stated that, “the provision of affordable rental opportunities for working people and their families still appears to be the greatest identified need. Anecdotal evidence from school, town and private employers all indicate that the lack of affordable housing is the greatest problem in attracting and retaining employees. The lack of affordable seasonal employee rental housing also has been identified as a problem and as such places additional pressure on the availability and affordability of year round rental units.” This Housing Needs Assessment examines the full range of housing needs including more recent progress and a fuller review of growth and market trends.

Population growth has put significant pressures on the town, local services and the housing market in particular, as the population almost doubled in size between 1970 and 1990, from 5,887 residents to 10,275. From 1990 through 2000 the population increased by another 2,111 residents or more than 20%. Population growth since 1960 is summarized in Table II-1.

Table II-1
Population Change
1960-2000
Increase From Previous Period

Year	Population	Increase in # Residents	Percentage Change
1960	3,725	--	--
1970	5,887	2,162	58.0%
1980	8,979	3,092	52.5%
1990	10,275	1,296	14.4%
2000	12,386	2,111	20.6%

Source: U.S. Census Bureau.

Town census figures indicate that there were some subtle fluctuations in total population in the more recent past that followed an increase of about 400 residents from 2000 to 2003. In 2008 the Town Clerk deleted about 500 inactive residents from the census as is the protocol when residents have not responded to census inquiries over a four-year period. This put the mid-2008 population level at 12,223, 1.3% lower than the 2000 level. An updated population count showed an increase of 306 since then, bringing the total number of residents up to 12,529 at the end of 2008. These population figures are included in Table II-2.

Table II-2
Population Change
2000-2008/Increase From Previous Period

Year	Population	Increase in # Residents	Percentage Change
2000	12,386	2,111	20.6
2001	12,485	99	0.8%
2002	12,485 (likely misprint)	0	0.0%
2003	12,791	306	2.4%
2004	12,979	188	1.5%
2005	12,772	-207	-1.6%
2006	12,958	186	1.5%
2007	12,769	-189	-1.5%
2008	12,529	-240	-1.9%

Source: 2000 U.S. Census and Town of Harwich, Harwich Town Clerk.

In regard to housing growth, from 1980 to 2000 almost 3,000 new housing units were created, one-third of which were seasonal units or second homes. From 2000 through January 2009, approximately another 800 units have been added to the housing stock, which has increased the level of seasonal units or second homes to about 45% of all housing units in Harwich.

Housing values also soared with median single-family home prices increasing from \$161,600 in 1990 to \$183,000 in 2000 and up to \$366,250 as of May 2008. Prices have come down considerably with the median single-family home price at \$335,000 as of the end of March 2009 and \$336,500 as of May 2009. Nevertheless, prices are still high and such prices, which often characterize resort-housing markets, have depleted the affordable housing stock with the exception of small condominium units. As of June 30, 2009, there were only two (2) single-family homes listed on the market for less than \$200,000 and only 16 active listings for between \$200,000 and \$300,000.

Much of the housing growth has been fueled by seasonal or second-home owners. A review of sales information, broken down by in town and out of town purchasers, is summarized in Table II-3. In addition to showing the overall decrease in sales since 1998, this Table demonstrates that sales are becoming increasingly dominated by out of town purchasers, going from 60 fewer out of town purchases versus in town purchases in 1998, to a surplus of 85 such purchases in 2008. Also, out of town purchases increased as a percentage of total purchases from 42.6% in 1998 to 71.6% in 2008. The Harwich Board of Assessors now indicates that about 45% of all properties in Harwich are owned by those whose primary residence is outside of Harwich.

**Table II-3
In Town and Out of Town Home Purchases
1998 Through 2008**

Year	Out of Town Purchasers¹¹	In Town Purchasers	Total Number of Purchases	Surplus or Deficit of Out of Town Purchases	Percentage Surplus or Deficit of Out of Town Purchases	Out of Town Purchases as a Percent of Total Sales
2008	141	56	197	+85	43.1%	71.6%
2007	182	72	254	+110	43.3%	71.6%
2006	128	100	228	+28	12.3%	56.1%
2005	160	105	275	+55	20.0%	58.2%
2004	199	142	341	+57	16.7%	58.4%
2003	195	137	332	+58	17.5%	58.7%
2002	156	137	293	+19	6.5%	53.2%
2001	126	139	265	-13	(4.9%)	47.6%
2000	140	178	318	-38	(11.9%)	44.0%
1999	159	214	373	-55	(14.7%)	42.6%
1998	174	234	408	-60	(14.1%)	42.6%

Source: Town of Harwich Board of Assessors, February 3, 2009

In regard to the future, the Buildout Analysis that was performed by the state's Executive Office of Environmental Affairs in 1999, projected that the town of Harwich might support an additional 2,780 housing units at the time when all of the town's developable property has been built on based on current zoning. The analysis also projected 525 additional school children, however more recent trends indicate

¹¹ Out of town purchasers are those whose primary residence is outside of the Town of Harwich.

some declines in enrollments. The buildout analysis further indicated that in order to meet the 10% state standard, the projected population growth would require at least an additional 278 units of affordable housing over and above the 325 units required based on the 2000 year-round housing unit count. Therefore, approximately 600 units of affordable housing would be required based on this particular build-out analysis (once again this is premised on current zoning), and it is worth noting that the analysis does not project how long it will take to achieve actual buildout. This goal would be remarkable without a considerable investment of public and private resources and strong political will well into the future.

This Housing Needs Assessment will help the Town of Harwich better plan for how it might meet the range of local needs for affordable housing and guide such development to appropriate locations. Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance and utilities, some residents are finding it increasingly difficult to afford to remain in Harwich. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased real estate taxes and energy costs but unable to find alternative housing that better meets their current life styles and pocket books. Families are finding it more difficult to “buy up,” purchasing larger homes as their families grow. Town employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Harwich. Another trend is for residents to rent out their homes in the summer months and camp or move in with relatives during this period in order to afford to live in Harwich, and the occupants of the Housing Authority’s family housing development have all been at risk of homelessness if not actually homeless. Clearly more housing options are required to meet local needs and produce Harwich’s fair share of regional needs.

A. Definition of Affordable Housing

There are a number of definitions of affordable housing as federal and state programs offer various criteria. For example, HUD generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s net adjusted income (with a small deduction for each dependent, for child care, for extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of net adjusted income. If households are paying more than these amounts, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and heavy cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. Housing subsidy programs can be targeted to particular income ranges depending upon programmatic goals. Affordable housing can also defined according to percentages of median income for the area. Housing subsidy programs can be targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development (\$20,950 for a family of three for the Barnstable area) and very low-income is defined as households with incomes less than 50% of area median income (\$34,900 for a family of three). Low- and moderate-income generally refers to the range between 51% and 80% of area median income (\$55,900 for a family of three at the 80% level). These income levels are summarized in Table II-4.

Table II-4
2009 TARGETED INCOME LEVELS FOR
AFFORDABLE HOUSING IN THE BARNSTABLE AREA

# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	\$16,300	\$27,150	\$43,450
2	18,650	31,050	49,700
3	20,950	34,900	55,900
4	23,300	38,800	62,100
5	25,150	41,900	67,050
6	27,050	45,000	72,050
7	28,900	48,100	77,000
8+	30,750	51,200	81,950

2009 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$75,400

The state established legislation for promoting affordable housing under Chapter 774 of the Acts of 1969, creating the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).¹² This legislation allows developers to override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under the 40B Subsidized Housing Inventory. In calculating a community's progress toward the 10% Chapter 40B goal, the state counts a housing unit as affordable if it is created by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income.

**FOR THE PURPOSES OF CHAPTER 40B,
AFFORDABLE HOUSING IS GENERALLY DEFINED
AS HOUSING UNITS THAT ARE:**

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).
3. Subject to an Affirmative Fair Housing Marketing Plan.

Based on the Massachusetts Department of Housing and Community Development's most recent data on Harwich's supply of affordable housing included in the state's Subsidized Housing Inventory, Harwich had 5,862 year-round housing units, of which 261 are currently counted by the state as affordable, representing 4.5% of the year-round housing stock. Recent development and pipeline projects should push Harwich to the 7.0% threshold, but the town will still have a significant challenge to meet the 10% standard. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

¹² Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

Additionally, most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% of area median income, however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program that subsidizes rental units are targeted to households earning within 60% of median income, \$39,960 for a family of three in Harwich. First-time homebuyer programs typically apply income limits of up to 80% of area median income. It is worth noting that according to the 2000 census, approximately 2,200 households or about 40% of Harwich's total households might have been income-eligible for affordable housing using the 80% of area median income criterion alone without consideration of other financial assets.

The Community Preservation Act allows Community Preservation funding to be directed to those within a somewhat higher income range – 100% of area median income – now commonly referred to as “community housing”. Additionally, some housing developments incorporate several income tiers. For example, one project could combine units for those earning at or below 80% of area median income, moderate-income “workforce” units for those earning between 80% and 120% of median income, and even some market rate units to help cross-subsidize the more affordable ones. A rental project might include a couple of tiers below the 80% level in addition to workforce and/or market rate units. It should be noted, however, that those units that involve occupants with incomes higher than 80% of area median income, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory and help the Town reach its 10% affordability goal unless they are part of a rental development where 100% of the units could qualify for inclusion in the SHI.

B. Housing Goals

This Housing Production Plan incorporates the goals that were established as part of the Housing Strategy that was approved by the Town in a special town meeting on May 6, 2003. These goals are as follows:

- 1) To promote the annual development of affordable housing – whether by new construction, acquisition, and/or conversion of existing buildings – through Town action and the actions of others, striving to produce 29 units of affordable housing annually, approximately 70% of which will provide for the need of rental housing.
- 2) To promote the development of funding sources and income streams to support the development of affordable housing.
- 3) To continue to review Town by-laws and other regulations and strive to remove barriers preventing the development of affordable housing.

The 2003 Housing Strategy highlighted the importance of making progress towards the state's 10% affordability goal under Chapter 40B through a wide range of initiatives. From 2003 to 2008, Harwich added less than 30 units of affordable housing, however the Town currently has 40 affordable units permitted to proceed and about 92 affordable units in various stages of development.

III. HOUSING CHARACTERISTICS AND NEEDS

This Housing Needs Assessment presents an overview of the current housing situation in the town of Harwich, providing the context within which a responsive set of strategies can be further developed to address housing needs and meet production goals.

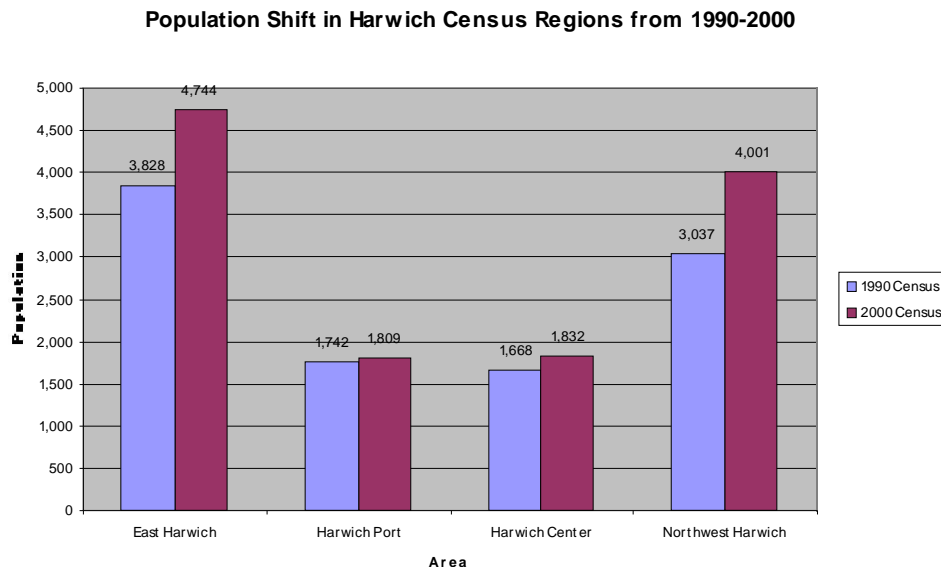
A. Demographic Data

1. Population, Race and Household Type

For a small town, Harwich has experienced considerable growth in recent years in both its year-round and seasonal populations. “Harwich experienced a rapid population increase between 1960 and 1980 and a building boom between 1980 and 1990 with little population increase.” The population increased 38% between 1980 and 2000, from 8,971 to 12,386 residents. Town records indicated that Harwich had 12,821 residents as of January 2008. However, population figures issued by the Town Clerk as of the end of 2008, calculated the population at 12,529 residents, demonstrating little population growth since 2000. Some population estimates suggest that the population decreased somewhat to 12,289 residents in 2009,¹³ while others suggest that by 2010 the population will have grown to 13,857 and then to 15,771 by 2020.¹⁴

Figure III-1 provides the distribution of population growth from 1990 to 2000 among four (4) areas of Harwich. Both Harwich Port and Harwich Center gained residents, but most of the population increase occurred in East Harwich and Northwest Harwich, both of which gained almost one thousand new residents.

Figure III-1



The population has remained predominately White but minority residents are steadily increasing in number from 288 residents in 1980 to 569 in 2000. Approximately one-quarter of the 2000 minority population identified themselves as Black or African American, 11% as Native American, 8% as Asian, and the remaining claimed Hispanic origin or more than one race.

¹³ Nielsen Claritas, Inc. data source, 2009.

¹⁴ Projections by the Massachusetts Institute of Social and Economic Research (MISER) of the University of Massachusetts in Amherst, 2003.

**Table III-1
Demographic Characteristics
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total Population	8,971	100.0%	10,275	100.0%	12,386 (12,529 as of 12/29/08)	100.0%
Minority Population*	288	3.2%	387	3.8%	569	4.6%
Total # Households	3,706	100.0%	4,505	100.0%	5,471	100.0%
Family Households	2,646	71.4%	3,043	67.6%	3,545	64.8%
Female Heads of Households with Children **	150	4.0%	208	4.6%	242	4.4%
Non-family Households **	1,060	28.6%	1,462	32.4%	1,926	35.2%
Average Household Size	Not available		2.27 persons		2.20 persons	

Source of above table: U.S. Census Bureau, 1980, 1990 and 2000

*All non-White classifications

** Percent of all households

Smaller, non-family households are becoming a more significant part of Harwich, almost doubling between 1980 and 2000, growing as a percentage of all households from 28.6% in 1980 to 35.2% in 2000. While the number of families increased substantially from 1980 to 2000, from 2,646 to 3,545 households, they decreased as a proportion of all households from about 71.4% to 64.8%. Correspondingly, the average household size decreased somewhat from 2.27 persons in 1990 to 2.20 persons in 2000, reflective of some growth in smaller, non-family households and significant number of retirees. This trend towards smaller households is part of a demographic shift that is occurring throughout the state and country. For example, the percentage of non-family households grew from 33% to 36% between 1990 and 2000 in both Barnstable County and the state as a whole.

2. Age Distribution

As Table III-2 demonstrates, Harwich is experiencing some subtle demographic shifts. For example, while the overall population increased by 38% between 1980 and 2000, those under the age of 18 only increased by 13%, growing by only 264 children and representing a decreasing portion of the population – from 22.3% in 1980 to 18.3% in 2000. It is interesting to note that the number of children below 18 years actually decreased by 50 between 1980 and 1990 despite a 14.5% increase in the overall population suggesting that some families likely left during a time when individuals or households without children arrived.

Most significantly is the drop in those between the ages of 20 and 34 who are entering the labor market and beginning to form their own families, reducing the pool of entry-level workers and service employees. In 1980 this group comprised about 11.1% of Harwich's residents, but by 2000 the number of those in this age category comprised only 10.4% of all residents. This trend is happening throughout most communities of the Cape, where the combination of fewer job opportunities, particularly those outside of the retail and service sectors that pay well, and escalating living expenses are increasingly forcing this group to relocate further and further away. This trend further suggests the need for not only workforce development efforts, but also more first-time homebuyer opportunities as starter homes in the

private housing market have virtually been eliminated. Clearly more subsidized rental options would also be extremely helpful in housing this cohort.

**Table III-2
Age Distribution
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	405	4.5	568	5.5	504	4.1
5 – 17 Years	1,594	17.8	1,381	13.4	1,759	14.2
18 – 20 Years	337	3.8	299	2.9	273	2.2
21 – 24 Years	278	3.1	349	3.4	252	2.0
25 – 34 Years	1,073	12.0	1,282	12.5	1,036	8.4
35 – 44 Years	836	9.3	1,339	13.0	1,705	13.8
45 – 54 Years	727	8.1	924	9.0	1,739	14.0
55 – 59 Years	539	6.0	484	4.7	708	5.7
60 – 64 Years	634	7.1	714	7.0	744	6.0
65 – 74 Years	1,624	18.1	1,615	15.7	1,787	14.4
75 – 84 Years	804	9.0	1,039	10.1	1,319	10.6
85+ Years	120	1.3	281	2.7	560	4.5
Total	8,971	100.0	10,275	100.0	12,386	100.0
Under 18	1,999	22.3	1,949	19.0	2,263	18.3
Age 65+	2,548	28.4	2,935	28.6	3,666	29.6
Median Age	44.6 years		Not available		48.8 years	

Source: U.S. Census Bureau, 1980, 1990 and 2000

Another significant population shift is reflected in those between the ages of 45 and 59, who made up 14.1% of Harwich residents in 1980 but 19.7% in 2000, largely correlated to the costs of living, where those older residents in the height of their earning potential are better able to afford to live in town. This trend also reflects the overall aging of the population.

The aging trend is particularly evident in the older age categories. Those 65 years of age or older were 28.4% of the population in 1980, but increased somewhat to 29.6% by 2000. Even those frail elderly over 85 years increased as a percentage of the population from 1.3% in 1980 to 4.5% in 2000, from 120 to 560 residents, a growth of almost five times the size of this group over two decades. A recent report issued by the Harwich Council of Aging projects that those age 59 ½ or older will increase from 39% of the population as of the end of 2008 to 61% of all residents by 2020, a staggering increase!¹⁵ This trend certainly suggests that the Town address the housing needs of this burgeoning population, offering more housing options for seniors, including those which include supportive services.

A graphic representation of these trends is presented in Figure III-2.

¹⁵ Wheeler Performance Group, Harwich Council on Aging Strategic Plan (2009-2019), Mary 18, 2009. The report defines the senior population as those age 59 ½ or more.

Figure III-2

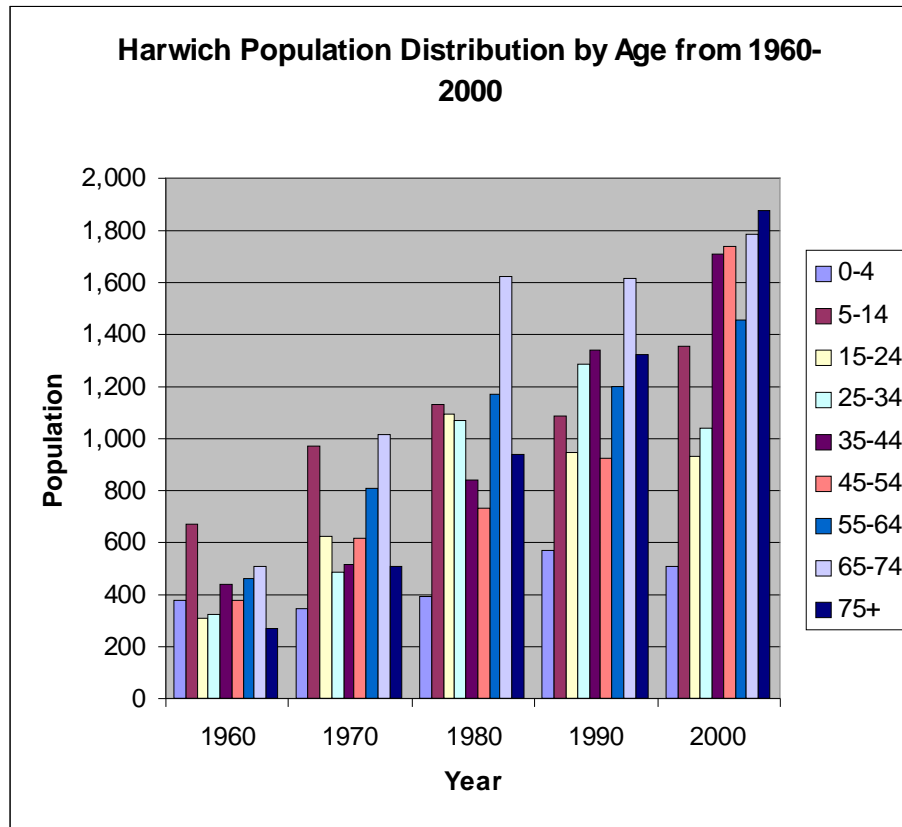


Table III-3 provides comparative information for Barnstable County and the state, which highlights the trends described above. Harwich and Barnstable County had a significantly lower percentage of children than the state, 18.3% and 20.4%, respectively, as opposed to almost 24%. Given past trends in Harwich and the rest of the Cape, most of which is experiencing declining enrollments, it is probable the town's school-age population will not likely increase much over the next few years particularly given the currently limited development of housing that is affordable to young families.

Notably, Harwich's young adult population of those 20 to 34 years of age is lower than the County as a whole, 11.1% versus 13.2%, and substantially smaller than that of the state at 21% in 2000. While this younger age group is significantly smaller, those baby boomers (born from 1946 to 1964 and age 44 to 62 in 2008 and 36 to 54 in 2000) comprise a far greater proportion of town residents, at 28%, than the Cape at 14.8% or the state at 13.8%, once again a reflection of Harwich's aging population and costly living conditions.

Harwich's has a more significant population of seniors, at 29.6% as opposed to 23.1% for the County and only 13.5% for the state. The considerable aging of Harwich's population is also reflected in its median age, 48.8 years versus 44.6 and 36.5 years for the County and state, respectively.

**Table III-3
Comparative Demographic Data
2000**

	Harwich		Barnstable County		Massachusetts	
	#	%	#	%	#	%
Under 18	2,263	18.3	45,440	20.4	1,500,064	23.6
Age 20 to 34	1,964	11.1	29,330	13.2	1,331,067	21.0
Age 45 to 54	1,739	14.0	32,802	14.8 (20.8)	873,353	13.8
Age 65 +	3,666	29.6	51,265	23.1 (34.4)	860,162	13.5
Median Age	48.8 years		44.6 years		36.5 years	

Source: U.S. Census Bureau, 2000; Numbers in parentheses indicate updated census projections for Barnstable County based on the 2005 American Community Survey. This projected data includes substantial trends towards an aging population including a revised figure of 10.1% for residents under the age of 35.

Table III-4 provides projections of the age distribution in Harwich, suggesting continued declines in children as those under 20 are expected to decrease from 19.8% of the population in 2000 to 15.4% by 2020. On the other end of the age range, those 65 years of age or older are expected to increase substantially, from 29.6% of the population in 2000 to 36.4% by 2020, although not as much as indicated in the Council on Aging report. Residents 45 to 65 are also expected to increase. Those age 20 to 34 are expected to remain about 12% of the population, showing at least no further loss, and residents age 35 to 44 are projected to decrease substantially. If these demographic trends do occur, Harwich will be confronted with increasing numbers of older residents and fewer young families. Consequently, the Town should target its affordable housing efforts to the development of first-time homebuyer opportunities as well as more affordable rental options for younger households and the increasing numbers of older, long-term residents with fixed incomes.

**Table III-4
Age Distribution
2000 Data Compared to 2010 and 2020 Projections**

Age Range	2000 Census		2010 Projections		2020 Projections	
	#	%	#	%	#	%
Under 5 Years	504	4.1	538	3.9	582	3.7
5 – 19 Years	1,948	15.7	1,882	13.6	1,853	11.8
20 – 24 Years	336	2.7	465	3.4	425	2.7
25 – 34 Years	1,036	8.4	1,037	7.5	1,278	8.1
35 – 44 Years	1,705	13.8	1,364	9.8	1,360	8.6
45 – 54 Years	1,739	14.0	2,012	14.5	1,640	10.4
55 – 64 Years	1,452	11.7	2,464	17.8	2,895	18.4
65 – 74 Years	1,787	14.4	2,083	15.0	3,364	21.3
75 – 84 Years	1,319	10.6	1,361	9.8	1,651	10.5
85 Years and Over	560	4.5	651	4.7	723	4.6
Total	12,386	100.0	13,857	100.0	15,771	100.0
Under 20	2,452	19.8	2,420	17.5	2,435	15.4
Age 20 to 34	1,372	11.1	1,502	10.8	1,703	10.8
Age 35 to 44	1,705	13.8	1,364	9.8	1,360	8.6
Age 45 to 64	3,191	25.8	4,476	32.3	4,535	28.8
Age 65+	3,666	29.6	4,095	29.6	5,738	36.4

Source: U.S. Census Bureau, 2000, and the Massachusetts Institute for Social and Economic Research.

3. *Income*

Harwich has gained increasingly more affluent residents over the past several decades as have many communities on Cape Cod and in the Boston region, with median income levels rising from \$14,731 in 1979, almost doubling to \$28,259 in 1989 and up to \$49,276 by 1999, during a time of significant population growth when the number of households grew almost 50%. This 2000 median household income level is fairly comparable to those of neighboring communities with Brewster and Chatham somewhat higher.

Brewster -- \$49,276
 Chatham -- \$45,519
 Dennis -- \$41,598
 Eastham -- \$42,618
Harwich -- \$41,552
 Orleans -- \$42,594

Table III-5 presents income data based on the 1979, 1989 and 1999 census counts, which is also visually presented in the chart in Figure III-3.

Table III-5
Income Distribution by Household, 1979-1999

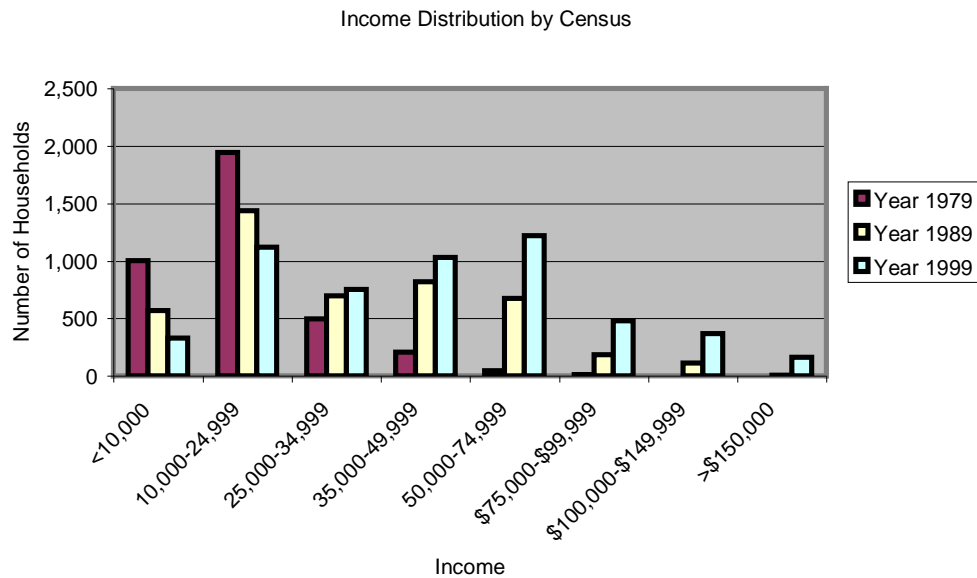
	1979		1989		1999	
	#	%	#	%	#	%
Under \$10,000	1,006	27.2	572	12.7	332	6.1
10,000-24,999	1,945	52.5	1,436	31.9	1,123	20.5
25,000-34,999	496	13.4	695	15.4	751	13.7
35,000-49,999	205	5.5	818	18.2	1,029	18.8
50,000-74,999	44	1.2	673	15.0	1,222	22.3
75,000-99,999	10	0.3	186	4.1	479	8.8
100,000-149,999			113	2.5	369	6.7
150,000 or more			8	0.2	165	3.0
Total	3,706	100.0	4,501	100.0	5,470	100.0
Median income	\$14,731		\$28,259		\$41,552	

Source: U.S. Census Bureau, 1980, 1990 and 2000

Those earning more than \$75,000 increased from only 10 households in 1979 to more than 300 in 1989 to 1,013 in 1999. In 1979 only 1.2% of households were earning between \$50,000 and \$74,999, but in 1999 this level was 22.3%, more than what one would expect under normal inflation. While it is to be expected that the incomes of longer-term residents would increase over time, it was largely the influx of new residents with higher income levels that boosted median income levels.

Despite this increasing household wealth, there are substantial numbers of households with incomes below \$25,000, 1,455 households or almost 26.6% of all households, based on 2000 census data. There are substantially more of these households than subsidized units available (261 units), and they are challenged to compete in Harwich's tight housing market. It is likely that many of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth a considerable amount of money. As such they are cash poor but equity rich. Nevertheless, continued increases in taxes, insurance and energy bills as well as health-related issues, may drive these households out of the community given the relatively limited supply of affordable units for seniors and lack of service enriched housing alternatives in Harwich for both seniors and special needs individuals.

Figure III-3



The income distribution for those households that include children – families – is somewhat higher with a median family income in 1999 of \$51,070, with 11.8% of all families earning more than \$100,000 and 1.8% earning more than \$200,000.

Incomes for Harwich residents are on average somewhat lower than the Cape as a whole with 2000 median household income levels of \$41,552 and \$45,933, respectively. The County proportionately had lower levels of households in all income categories below \$75,000 except the lowest income range of under \$10,000, and higher proportionate levels for the ranges above \$75,000 as documented in Table III-6.

Table III-6
Income Distribution by Household: Barnstable County and Harwich
1999

	Barnstable County		Harwich	
	#	%	#	%
Under \$10,000	6,478	6.8	332	6.1
10,000-24,999	16,843	17.8	1,123	20.5
25,000-34,999	12,148	12.8	751	13.7
35,000-49,999	15,935	16.8	1,029	18.8
50,000-74,999	20,425	21.5	1,222	22.3
75,000-99,999	11,243	11.9	479	8.8
100,000-149,999	7,605	8.0	369	6.7
150,000 or more	4,168	4.4	165	3.0
Total	94,845	100.0	5,470	100.0
Median income	\$45,933		\$41,552	

Source: U.S. Census Bureau, 2000

Harwich's median income level was 22% lower than that of the state at \$50,502. *Projections of median income, based on the percentage increase of HUD area median income levels for Barnstable County of 57%, would put the 2009 median for Harwich at \$65,237. Other 2009 projections from Nielsen Claritas, Inc., a proprietary data source, suggest much lower income levels of \$55,601.*

4. *Poverty*

Table III-7 presents poverty levels in Harwich over the past couple of decades. The 2000 census indicates that the absolute numbers and proportion of those with incomes below the poverty level (\$10,400 for an individual and \$17,600 for a family of three in 2008) actually increased from 1979 to 1999 from 6.4% of the population to 7.8% and from 573 people in poverty to 668. The poverty level for families declined by 21% or by 27 families from 1980 to 2000 after an increase in 1990. The levels of children in poverty has fluctuated as well going from 182 or 9.1% of all children under 18 in 1980, down to 89 children or 4.6% in 1990, and then back up to 185 and 8.4% in 2000. Seniors 65 years and older who were living in poverty included 121 residents in 1980, or 4.8% of all seniors, increased to 185 and 6.3% in 1990, and fell to 141 and 4.1% in 2000.

**Table III-7
Poverty Status
1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty *	573	6.4	568	5.6	668	7.8
Families **	130	4.9	148	4.8	103	2.9
Related Children Under 18 Years ***	182	9.1	89	4.6	185	8.4
Individuals 65 and Over ****	121	4.8	185	6.3	141	4.1

Source: U.S. Census Bureau, 1980, 1990 and 2000

*Percentage of total population for whom poverty status was determined

**Percentage of all families for whom poverty status was determined

***Percentage of all related children under 18 years

****Percentage of all individuals age 65+

This data demonstrates that, at least in 2000, there still remained a population within the town of Harwich, including 668 individuals and 103 families who had substantial income limitations and may require public assistance to meet their housing needs. How these residents have fared since then is difficult to predict as some may have been forced to leave Harwich in search of more affordable living conditions, others may have joined the ranks of those living in poverty, while others may have successfully improved their economic situations and have been boosted out of poverty.

5. *Employment*

Harwich is located well into the Cape and a fair distance from the major population and job centers of Boston and Providence, approximately 82 miles away, but about 12 miles away from Hyannis. The 2000 census indicated that one-third of Harwich's workers, 33.1%, were involved in management or professional occupations and more than half, 55.7%, were employed in the lesser paying more retail and service oriented jobs that supported the local economy including construction (9.8%), sales and office occupations (26.4%), and service occupations (21.9%). While 69.8% were salaried workers, another 15.9% were government workers and 14.2% were self-employed.

Additional information on employment patterns indicated that of those Harwich residents who were employed over the age of 16, only 829, or about 16%, worked in the community which is lower than that for the County at 42%, suggesting fewer employment opportunities in town. It should also be noted that the significant resort economy in Harwich causes fluctuations in the job force that increases in the summer months to serve seasonal needs. At this point there are few housing options in Harwich to house these lower paid seasonal workers, and the Town should explore what other communities are doing with respect to providing temporary housing opportunities for this important labor force.

6. *Education*

The educational attainment of Harwich residents has improved. In 2000, 93.7% of those 25 years and older had a high school diploma or higher and about 32.4% had a Bachelor's degree or higher, up from the 1990 figure of 26% with a college degree and comparable to the 2000 figure of 33.6% for the County. Those enrolled in school (nursery through graduate school) in 2000 totaled 2,430 residents or almost 20% of the population, and those enrolled in kindergarten through high school totaled 1,868 students, 77% of those who are enrolled in school and 15% of the total population.

7. *Disability Status*

Of the 2000 population age 5 to 20 years old, 190 or 9.3% had some disability. Of those aged 21 to 64, 1,429 residents, or 23% of the persons in the age range, claimed a disability. About 75% of this group was employed, leaving another 25% unemployed, likely due to their disability. In regard to the population 65 years of age or older, 1,055 seniors or about 30% of those in the age group claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Harwich community.

8. *Residency in 1995*

Approximately 41% of the persons in Harwich over the age of five who were living in Harwich in 2000, or 4,877 residents, moved to a new residence in Harwich from 1995 to 2000. Of these, 22.8% came from somewhere else on the Cape, 18.1% came from a different county, with 9.6% coming from Massachusetts and 8.6% coming from a different state or elsewhere, representing significant mobility of the town's year-round population.

It is important to note that housing turnover drives up housing prices in an escalating real estate market, and typically the buyers are more affluent than sellers, fueling demographic changes in the community over time. This suggests that it is useful to find ways to reduce housing turnover, to maintain the affordability in the existing housing stock to the greatest extent possible, and to help those who want to remain in town afford to do so.

B. *Housing*

Housing in Harwich involves two distinct markets, the year-round housing stock and the seasonal or second home market comprised 38% of all dwellings in 2000 and is now above 45% of all dwellings. This seasonal usage, the burgeoning interest in second homes by affluent baby boomers, and the attractiveness of the Cape for retirement, in addition to regional market pressures, resulted in soaring housing prices that became no longer affordable to most long-term, year-round residents. It has only been in the last couple of years that the market has softened somewhat in response to regional and national market dynamics yet the creation and preservation of affordable housing remains particularly important in enabling the year-round population to stay in the community. There are also few if any housing options for seasonal workers who are essential for sustaining Harwich's significant resort and tourist economy.

1. *Housing Characteristics*

The 2000 census counted 9,450 total housing units in the town of Harwich, up 13.5% from 8,325 units in 1990 and as much as 45% from 6,510 units in 1980. Substantial housing growth occurred between 1980 and 1990 when the town gained 1,815 units, including 506 owner-occupied homes and 279 rental units. During this same time period, Harwich gained 842 new seasonal units, or about one-third of all its seasonal units. Housing growth between 1990 and 2000 slowed down with 1,125 new units, 966 in owner-occupied housing, seven (7) new rental units and a gain of another 288 seasonal units. Table III-8 includes a summary of these housing characteristics.

Table III-8
Housing Characteristics, 1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	6,510	100.0	8,325	100.0	9,450	100.0
Occupied Units *	3,720	57.1	4,505	54.1	5,471	57.9
Occupied Owner Units **	3,039	81.7	3,545	78.7	4,504	82.3
Occupied Rental Units **	681	18.3	960	21.3	967	17.7
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	2,458	37.8	3,300	39.6	3,588	38.0
Average House- Hold Size of Owner-Occupied Unit	Not Available		2.29 persons		2.23 persons	
Average House- Hold Size of Renter-Occupied Unit	Not Available		2.16 persons		2.07 persons	

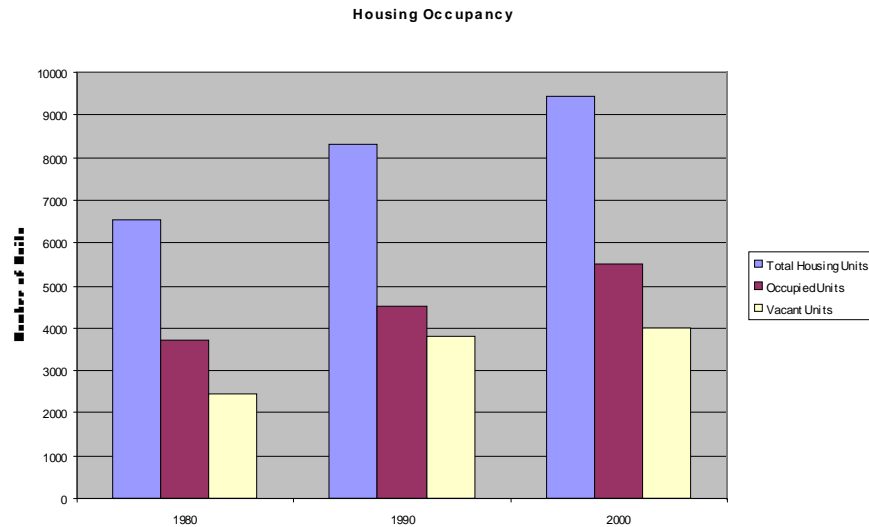
Source: U.S. Census Bureau, 1980, 1990 and 2000

* Percentage of total housing units ** Percentage of occupied housing units

Out of the total housing units in 2000, Harwich had 5,471 year-round occupied units, of which 4,504 or 82.3% were owner-occupied while the remaining 967 units, or 17.7%, were rental units. These figures represent a higher level of owner-occupancy in 2000 than that of Barnstable County where 78% of the units were owner-occupied.

Figure III-4 presents occupancy data from the 1980, 1990 and 2000 census counts that visually chart the increase in housing units, seasonal units in particular.

Figure III-4



The homeowner vacancy rate in 2000 was 2.2%, down somewhat from 4.0% in 1990. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions and the rate remains well below that of the state and nation as a whole. The rental vacancy level also declined but only a bit from 1990 to 2000, from 6.7% to 6.5%, but is higher than levels for the state and country but less than the 7.4% rental vacancy rate for Barnstable County. This may be related somewhat to the seasonal nature of a considerable portion of the employment base that drives a great many residents out of town for parts of the year.

Table III-9
Vacancy Rates, 1990 and 2000

Vacancy Rates by Tenure				
	1990	2000	MA 2000	Nation
Rental	6.7%	6.5%	3.5%	5%
Homeowner	4.0%	2.2%	0.7%	3%

Source: U.S. Census Bureau, 1990 and 2000

The 2000 census indicated that a great majority of the existing housing units were in single-family, detached structures totaling 8,337 units or 88.2% of Harwich's housing units, higher than the 83% level for the County. There was a gain of 1,157 of these units between 1990 and 2000 but a decrease of 120 units in the small multi-family structures of two (2) to nine (9) units during this same time period. Additionally, Harwich saw a gain of 70 multi-family housing units in structures of ten (10) or more units. About 100 mobile homes were also lost during this decade. Table III-10 summarizes this information.

**Table III-10
Units in Structure
1990 – 2000**

	1990		2000	
	#	%	#	%
1 Unit Detached	7,180	86.2	8,337	88.2
1 Unit Attached	184	2.2	303	3.2
2 to 4 Units	350	4.2	292	3.1
5 to 9 Units	291	3.5	229	2.4
10 or More Units	212	3.6	282	3.0
Other	108	1.3	7	0.1
Total	8,325	100.0	9,450	100.0

Source: U.S. Census Bureau, 1990 and 2000

Table III-11 charts housing growth, identifying that 42% of Harwich's housing units were created between 1970 and 1989, directed largely to the higher priced market based on the growing demand for second homes and places to retire on or near the seashore. Still another 42% of the town's housing was built prior to 1970.

**Table III-11
Year Structure Built
2000**

	#	%
1999 to March 2000	131	1.4
1995 to 1998	732	7.7
1990 to 1994	573	6.1
1980 to 1989	2,087	22.1
1970 to 1979	1,893	20.0
1960 to 1969	1,471	15.6
1940 to 1959	1,366	14.5
1939 or earlier	1,197	12.7
Total	9,450	100.0

Source: U.S. Census Bureau, 2000

Table III-12 compares Harwich's housing growth from 1970 through 2000 to that of its neighbors.

**Table III-12
Recent Housing Development, 1970 to 2000
Harwich and Neighboring Communities, Barnstable County and Massachusetts**

Community	# Units Built 1970-2000	% Units Built 1970-2000
Brewster	5,480	74.7
Chatham	3,405	50.7
Dennis	7,162	50.8
Eastham	3,576	64.6
Harwich	5,416	57.3
Orleans	3,002	58.9
Barnstable County	85,148	57.9
Massachusetts	847,922	32.3

Source: U.S. Census Bureau, 2000

Almost 58% of Harwich's housing stock was built during this timeframe, a fairly comparable level to that of neighboring towns where new unit production was substantial but typically between 50% and 60% with the exception of Eastham at about 65% and Brewster at almost 75%.

The median number of rooms per housing unit was 5.8, indicating that the average home was medium-sized with three bedrooms. The number of rooms per dwelling ranged from three rooms or less in 409 units (4.3%) to nine rooms or more in 539 dwellings (5.7%), representing a relatively small number of very large residential units, although this data is based on 2000 information and it is likely that given the economics of new development, new home construction since then has been focused on the larger, luxury home market, particularly for second homes and summer residences.

Table III-13
Building Permit Data, 1993 Through 2/3/2009

Year	# Building Permits for New Units
1993	124
1994	85
1995	99
1996	145
1997	155
1998	157
1999	166
2000	149
2001	100
2002	109
2003	112
2004	68 + 21 multi-family
2005	73
2006	42
2007	77 + 13 multi-family
2008	30
Through February 3, 2009)	5
Total/Average Per Year (1993-2000)	1,080/135
Total/Average Per Year (2001-2008)	645/81

Source: Harwich Building Department and Board of Assessors

The building permit data summarized in Table III-13 indicates that building activity has slowed down in recent years and the average number of permits for new residential units has decreased from a high of 166 permits per year in 1999 to a low of 30 permits in 2008, going from an average number of permits per year of 135 from 1993 through 2000, to an average of 81 permits from 2001 to 2008. This data also indicates that since the 2000 census, at least another 800 units have been added to Harwich's total housing stock.

Census projections for Barnstable County through the 2008 U.S. Census Bureau's American Community Survey estimates reinforce these high growth rates including:

- Housing growth in Barnstable County between 2000 and 2008 was estimated to be 9,058 units, from 147,083 to 156,141 units, up 6.2%. During this same time period, building

- permit activity in Harwich indicates an 8.1% increase in new housing units,¹⁶ higher than the growth rate of the County and even that of the state at 4.3%.
- Barnstable County's housing growth ranked fifth among all 14 Massachusetts counties as of 2005.
 - Housing density increased from 371.6 units per square mile in 2000 to an estimated 394.5 in 2008 for Barnstable County. Statewide housing density was lower, increasing from 334.5 to 349 units per square mile during this same time period, and in fact the Cape's housing density has exceeded the state's since 1990. Harwich's density was lower, going from 285.1 to 308.2 units per square mile from 2000 to 2008.
 - The Cape's addition of 17 units per square mile between 2000 and 2005 was third highest of the 14 Massachusetts counties, following only Suffolk and Nantucket Counties, and ahead of its growth during the 1990s when 30 units per square mile were added on the Cape during the entire decade.
 - From 1950 to 2000, housing growth for Barnstable County increased nearly fivefold, more than all other counties in the state, from 30,306 to 147,083 units.

2. *Housing Market Conditions*

Ownership

Census data also provides information on housing values for homeownership and rental units. While this information is now more than seven years old, it still provides a reasonable frame of reference to compare with more current values, with other communities, the Cape as a whole and the state. The census indicated that the 2000 median house value was \$183,000, up about 13% from the median in 1990 of \$161,600. There were 134 units valued at less than \$100,000 at this time, however, most of the homes, 55.4%, fell in the \$150,000 to \$300,000 price range.

The 2000 housing prices in Harwich were somewhat higher in comparison to Barnstable County with a median house value of \$178,800. The median price was even lower at \$162,800 for the state. More updated and reliable market data is tracked by The Warren Group from Multiple Listing Service information based on actual sales. This market information since 1988 is summarized in Table III-14.

Table III-14
Housing Values
2000

Value	Number of Units	% Units
Less than \$50,000	7	0.2
\$50,000 to \$99,999	127	3.1
\$100,000 to \$149,999	966	23.8
\$150,000 to \$199,999	1,206	29.7
\$200,000 to \$299,999	1,043	25.7
\$300,000 to \$499,999	520	12.8
\$500,000 to \$999,999	155	3.8
\$1 million or more	33	0.8
Total	4,057	100.0
Median (dollars)	\$183,000	

Source: U.S. Census Bureau, 2000

The number of sales in Harwich ranged from a low of 272 sales in 1989 to a high of 658 in 1999. In 2006 there were 347 total sales further reflecting some sluggishness in the housing market. After a decline in market prices in the early 1990s, due largely to the region's economic recession, the market began to

¹⁶ Based on building permit activity through 7/2007 and then projecting 40 new units per year.

revive somewhat in the mid-90s but did not surpass the 1989 median sales price for all sales until 1999, a full decade later. After that the market escalated precipitously. For example, single-family homes sales climbed more than 140% from \$164,900 in 1999 to \$399,450 by the end of 2005.

Table III-15
Median Sales Prices
January 1988 – May 2009

Year	Months	Single-family	Condo (#)	All Sales	# Sales
2009	Jan – May	\$336,500	\$160,000 (9)	\$324,800	99
2008	Jan – Dec	348,500	174,800 (19)	332,250	320
2007	Jan – Dec	390,000	216,500 (48)	362,500	379
2006	Jan – Dec	385,000	218,000 (39)	371,275	347
2005	Jan – Dec	399,450	231,500 (72)	369,873	442
2004	Jan – Dec	368,000	210,000 (48)	340,000	522
2003	Jan – Dec	332,000	190,000 (57)	310,000	540
2002	Jan – Dec	280,000	172,500 (73)	250,000	547
2001	Jan – Dec	224,950	192,500 (58)	196,000	525
2000	Jan – Dec	195,000	103,500 (67)	175,000	561
1999	Jan – Dec	164,900	91,600 (83)	154,000	658
1998	Jan – Dec	155,450	98,500 (48)	145,000	568
1997	Jan – Dec	132,750	91,000 (40)	125,000	539
1996	Jan – Dec	129,750	76,000 (50)	112,000	465
1995	Jan – Dec	127,000	85,500 (40)	121,200	352
1994	Jan – Dec	128,500	67,500 (24)	114,450	366
1993	Jan – Dec	120,000	87,750 (39)	112,250	350
1992	Jan – Dec	120,000	66,000 (32)	115,700	287
1991	Jan – Dec	125,000	81,150 (24)	120,000	300
1990	Jan – Dec	128,500	86,000 (22)	127,500	281
1989	Jan – Dec	150,000	144,750 (20)	149,500	272
1988	Jan – Dec	151,000	111,500 (43)	140,000	359

Source: The Warren Group, May 9, 2009

The median sales price of a single-family home as of the end of 2007 was \$390,000, and as of the end of May 2008 the median had dropped somewhat to \$366,250, and then by May 2009 to \$336,500. These values reflect the significant softening of the housing market that most communities on the Cape and in the Boston region have been experiencing over the past several years. Even the 2006 median house value of \$385,000 was down from the 2005 level of \$399,450.

The volume of sales – including single-family homes, condos and all sales – by year since 2000 is presented in Figure III-5.

Figure III-5

Sales Volume by Year

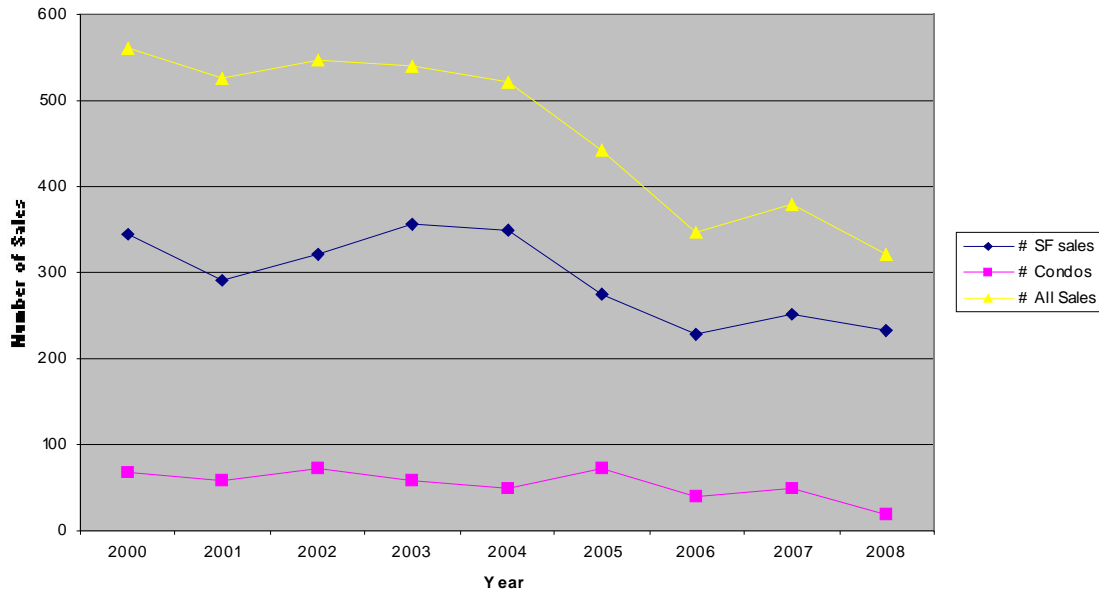


Table III-16 compares Harwich's median single-family home price to its neighbors, presenting comparative data on market conditions from June 2007, May 2008, and May 2009, and demonstrating that there has been significant fluctuations in the housing market, however for the most part the market has declined in all communities. The median values in Harwich have been toward the lower end of the range, at \$348,500 as of the end of 2008 and \$336,250 as of May 2009, a 3.5% reduction.

Table III-16
Median Single-family House Values for Eastham and Neighboring Communities
As of June 2007, May 2008, December 2008 and May 2009

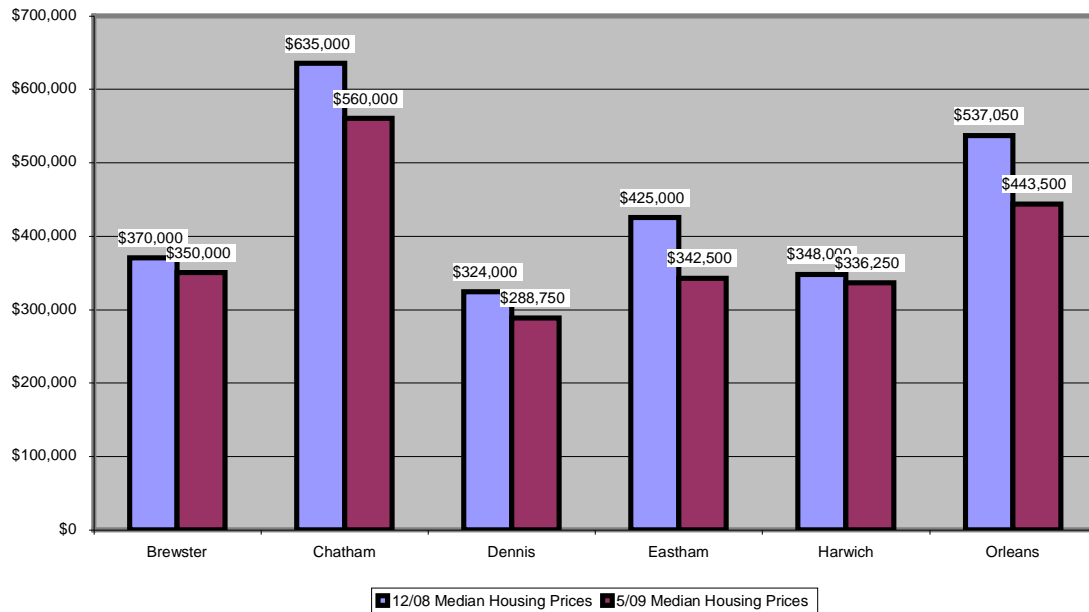
Town	Median Price 6-07/5-08/12-08/5-09	% Change 6-07 to 5-08	% Change 5-08 to 12/08	% Change 12-08 to 5-09
Brewster	\$411,000/\$385,000/\$370,000/\$350,000	-6.3%	-3.9%	-5.4%
Chatham	\$590,000/\$560,000/\$635,000/\$560,000	-5.1%	+13.4%	-11.8%
Dennis	\$327,000/\$332,500/\$324,000/\$288,750	+1.7%	-2.6%	-10.9%
Eastham	\$439,500/\$405,000/\$425,000/\$342,500	-7.8%	+4.9%	-19.4%
Harwich	\$353,500/\$366,250/\$348,500/\$336,250	+3.6%	-4.8%	-3.5%
Orleans	\$600,000/\$554,370/\$537,050/\$443,500	-7.6%	+3.1%	-17.4%

Source: The Warren Group. Data based on single-family home sales of \$1,000 plus, excluding condominiums and foreclosure deeds.

The chart below presents a summary of median sales data for Harwich and neighboring communities as of the end of 2008 and May 2009, demonstrating the downward shift in housing values.

Figure III-6

Median Housing Prices for Harwich and Neighboring Towns



Information from the Town Assessor on the assessed values of residential property in Harwich is presented in Table III-17 for Fiscal Year 2008. This data confirmed that there were relatively few residential properties valued in the affordable range below \$200,000, only 66 single-family homes and one multi-family property. The bulk of these lower valued properties, including 380 units, were condominiums. About two-thirds of the condos were valued at less than \$300,000.

Condominiums in fact are a significant part of Harwich's housing stock, totaling more than 800 units and the most affordable component of the community's private housing. If the Town was to implement a program to convert market housing to long-term affordability, as some communities are doing, it should look to this more affordable segment of the housing market, although condo fees, which figure into housing expense calculations to determine the mortgage amount a purchaser can qualify for, must be considered in determining the amount of subsidy required to fill the gap between market value and the affordable purchase price (plus any necessary improvements).

More than half of the single-family homes, about 4,500 units, were valued in the \$200,000 and \$399,999, higher relative to the condos, but still including some smaller homes on the more moderately priced range. On the other hand, more than 500 homes were assessed between \$700,000 and \$1 million, and still another 550 homes were valued at more than \$1 million.

Assessor's data indicated that there were also more than 300 small multi-family dwellings including two- and three-family properties as well as two homes on one lot. Values of these properties ranged considerably including 44 such properties assessed beyond \$1 million.

Table III-17
Assessed Values of Residential Properties

Assessment	Single-family Dwellings		Condominiums		Multi-family Dwellings*		Total	
	#	%	#	%	#	%	#	%
0-\$199,999	66	0.8	380	45.1	1	0.3	447	4.7
\$200,000-299,999	1,473	17.7	183	21.7	20	6.6	1,676	17.7
\$300,000-399,999	3,018	36.3	90	10.7	100	32.8	3,208	33.9
\$400,000-499,999	1,413	17.0	110	13.1	33	10.8	1,556	16.4
\$500,000-599,999	827	10.0	40	4.8	60	19.7	927	9.8
\$600,000-699,999	441	5.3	14	1.7	20	6.6	475	5.0
\$700,000-799,999	258	3.1	16	1.9	10	3.3	284	3.0
\$800,000-899,999	149	1.8	7	0.8	11	3.6	167	1.8
\$900,000-999,999	116	1.4	0	0.0	6	2.0	122	1.3
Over \$1 million	550	6.6	2	0.2	44	14.4	596	6.3
Total	8,311	100.0	842	100.0	305	100.0	9,458	100.0

Source: Harwich Town Assessor, fiscal year 2008.

* Includes two-family, three-family, and multiple homes on one lot.

Another summary of data from the Harwich Board of Assessors is included in Table III-18, which presents the changes in assessed values and tax bills for single-family homes and vacant residential lots from Fiscal Year 2003 through 2009.¹⁷ This information shows the increase in values from fiscal year 2003 through 2007 (actually based on 2001 and 2005 data, respectively), with somewhat lower average (mean) and median values after that for single-family homes and vacant house lots. Tax bills have continued to increase somewhat each year for the most part.

Table III-18
Average and/or Median Assessed Values for Single-family Homes and Vacant Residential Lots
Fiscal Year 2003 Through 2009

Fiscal Year/Tax Rate	Average Single-Family Sales Price/Median Price	Average Single-Family Tax Bill/Median Bill	Median Vacant Residential Lot	Median Vacant Residential Lot Tax Bill
2009/\$6.25 ¹⁸	\$504,500/\$375,400	\$3,153/\$2,346	\$163,200	\$1,020
2008/\$6.05	\$504,500/\$380,000	\$3,052/\$2,299	\$175,900	\$1,064
2007/\$5.58	\$526,600/\$405,500	\$2,938/\$2,263	\$201,800	\$1,126
2006/\$5.89	\$488,500/\$369,900	\$2,877/\$2,179	\$180,000	\$1,060
2005/\$6.24	\$446,900/\$342,600	\$2,789/\$2,138	\$156,300	\$975
2004/\$6.60	\$414,000/\$309,400	\$2,732/\$2,042	\$140,600	\$928
2003/\$8.02	\$326,700/\$231,900	\$2,620/\$1,860	\$88,600	\$711

Source: Harwich Board of Assessors

Another analysis of housing market data is presented in Table III-19 that demonstrates the escalation of prices based on a breakdown of sales data from the Multiple Listing Service for *single-family homes*.

¹⁷ Assessed values are based on properties a couple of years earlier. For example, FY 2009 covers the period of July 1, 2008 through June 30, 2009 and assessments are based on properties sold from January 1, 2007 through December 31, 2007.

¹⁸ Tax rate based on specified dollar amount per thousand dollars of value such that a tax rate of \$6.25 would apply for each \$1,000 of assessed value or \$2,500 for a \$400,000 property.

Table III-19
Single-family House Sales
January 1, 2007 Through July 17, 2008

Price Range	Current Listings #/%	Under Agreement #/%	Sold Since 1/2007 #/%	Total #/%
Under \$199,000*	1/0.5	0/0.0	2/0.6	3/0.5
\$200,000-299,999	22/11.3	3/15.0	51/14.2	76/13.3
\$300,000-399,999	64/33.0	5/25.0	130/36.2	199/34.7
\$400,000-499,999	27/13.9	6/30.0	60/16.7	93/16.2
\$500,000-599,999	23/11.9	3/15.0	33/9.2	59/10.3
\$600,000-699,999	16/8.2	1/5.0	21/5.8	38/6.6
\$700,000-799,999	11/5.7	1/5.0	20/5.6	32/5.6
\$800,000-899,999	8/4.1	0/0.0	7/2.0	15/2.6
\$900,000-999,999	9/4.6	0/0.0	4/1.1	13/2.3
Over \$1 million	13/6.7	1/5.0	31/8.6	45/7.8
Total	194/100.0	20/100.0	359/100.0	573/100.0
Median Price	\$430,000	\$449,000	\$398,000	--

Source: Multiple Listing Service, July 17, 2008

This data indicates that there were only a couple of homes available in Harwich for under \$200,000 that would be affordable to low- and moderate-income households, and even homes for less than \$300,000 are becoming scarcer. Similarly to Assessor's data, most of the properties were priced between \$300,000 and \$500,000, however, more than 10% of the single-family homes were priced above \$900,000, demonstrating a sizable luxury market in Harwich, much of the homes with waterfront views and/or accessibility.

Local realtors indicated in the summer of 2008 that the housing market was not necessarily booming, but still very active. One realtor had 60 sales during May but admits he had to hustle a bit more. He suggested that both the low and high ends of the market were quite robust, with bidding wars occurring for properties priced below \$300,000. Another realtor characterized these market conditions as "transitional," as while it has been a buyer's market for the last year and a half, more offers were being made and there was more competition in the lower and higher price ranges.

Also in the summer of 2008, those units priced between \$500,000 to \$800,000 were what one realtor called a "dead zone." In that price range a home had to have some very distinctive characteristics to stand out and be noticed. Having a home in the nicer villages and below Route 28 was typically an advantage, however, there was quite a bit of lot-to-lot variation even in these areas. The realtor mentioned that there was some activity related to foreclosures, mostly for those who received subprime mortgages and overextended themselves.

Additional information on the housing market suggested that there was a great deal of property turnover at the height of the market several years ago with owners quickly flipping properties and reaping substantial profits. That has not been occurring more recently, not only because of some slowing down of the market, but also because of new Cape-wide building codes that now require higher hurricane resistant standards and thus boost the costs of improvements.

An updated analysis of housing market conditions for single-family homes is presented in Table III-20, which includes active listings and properties pending sale, including those with contingencies as of the end of June 2009, as well as properties that were sold between January and the end of June 2009.

Table III-20
Single-family House Sales
January 1, 2009 Through June 30, 2009

Price Range	Current Listings #/%	Under Agreement* #/%	Sold Since 1/2009 #/%	Total #/%
Under \$199,000*	2/1.0	1/3.1	4/4.9	7/2.2
\$200,000-299,999	16/7.7	4/12.5	22/26.8	42/13.0
\$300,000-399,999	42/20.2	15/46.9	26/31.7	83/25.8
\$400,000-499,999	30/14.4	5/15.6	9/28.1	44/13.7
\$500,000-599,999	25/12.0	2/6.2	7/8.5	34/10.6
\$600,000-699,999	9/4.3	2/6.2	5/6.1	16/5.0
\$700,000-799,999	18/8.6	1/3.1	2/2.4	21/6.5
\$800,000-899,999	13/6.2	0/0.0	1/1.2	14/4.4
\$900,000-999,999	15/7.2	0/0.0	1/1.2	16/5.0
Over \$1 million	38/18.3	2/6.2	5/6.1	45/14.0
Total	208/100.0	32/100.0	82/100.0	322/100.0
Median Price	\$575,000	\$349,000	\$339,000	--

Source: Multiple Listing Service, June 30, 2009

* Includes properties pending agreement plus those with contingencies

This updated information demonstrates there are still very few units priced below \$200,000. The seven (7) units that have been sold or listed tend to be small, older properties that are likely to need improvements. The percentage of properties between \$200,000 and \$300,000 is about the same as it was in July 2008, however, the percentage of properties listed, sold or under agreement in the \$300,000 to \$500,000 went from approximately 50% in mid-2008 down to about 40% in mid-2009, while those properties above \$500,000 increased from 25% to 35%. This is somewhat surprising given the overall decline in median prices with the exception of current listings. For example, the median sales price was \$398,000 in mid-2008 as opposed to \$339,000 in mid-2009, however, the median for current listings went up from \$430,000 in mid-2008 to \$575,000 in mid-2009. Perhaps active listings are priced too optimistically or a range of better properties happens to be on the market.

Table III-21 provides a summary of the same information for *condominium sales* demonstrating that values for these units are considerably lower than for single-family homes and more units fall within an affordable range. As of July 17, 2008, there were 29 units that were sold, pending sale, or listed for less than \$200,000, which was more than a quarter of the recent condo activity through sales or active listings. Another 37 units or more than one-third of condo activity involved units sold or listed between \$200,000 and \$400,000. It is interesting to note that a dozen condos are currently on the market for over \$1 million, including 11 condos at the Snow Inn Road with listed prices of more than \$3 million and another unit on Seaport Lane for \$1 million.

Table III-21
Condominium Sales
January 1, 2007 Through July 17, 2008

Price Range	Current Listings #/%	Under Agreement #/%	Sold Since 1/2007 #/%	Total #/%
Less than \$199,000*	18/26.9	0/0.0	11/30.0	29/27.4
\$200,000-299,999	10/14.9	1/100.0	15/39.5	26/24.5
\$300,000-399,999	6/9.0	0/0.0	5/13.2	11/10.4
\$400,000-499,999	9/13.4	0/0.0	1/2.6	10/9.4
\$500,000-599,999	0/0.0	0/0.0	0/0.0	0/0.0
\$600,000-699,999	5/7.5	0/0.0	1/2.6	6/5.7
\$700,000-799,999	3/4.5	0/0.0	1/2.6	4/3.8
\$800,000-899,999	4/6.0	0/0.0	3/7.9	7/6.6
\$900,000-999,999	0/0.0	0/0.0	0/0.0	0/0.0
Over \$1 million	12/17.9	0/0.0	1/2.6	13/12.3
Total	67/100.0	1/100.0	38/100.0	106/100.0
Median Price	\$389,900	\$214,900 (1 property)	\$219,900	--

Source: Multiple Listing Service, July 17, 2008.

As mentioned above, the average prices of condominiums are substantially lower than those for single-family homes with median values, as of July 17, 2008, of about half the value of the median single-family house sales price. A local realtor suggested that the condo market is substantially slower than that for single-family homes, “in the tank” he claimed, with quite a few units on the market listed quite affordably. For example, there had been eight (8) condos available at the Beach Plum condos for \$164,900 (fees in the mid \$300 range but rents include heat, hot water and cable) that were in fact rental units at one point. Another 60-unit complex in Harwich Center, Country Meadows, had six (6) units on the market below \$200,000 (\$250 to \$300 condo fees). Nevertheless, there is considerable variation in the condo market as the following sample of existing listings indicates:

- A one-bedroom unit of only 357 square feet in Wychmere Village built in 1950 for \$112,000 with a \$153 fee.
- A two-bedroom unit with 586 square feet of living space at the Wydemere development in Harwich Port (built in 1920) for \$150,000 with a \$300 condo fee.
- A small 536 square foot two-bedroom condo at Pinewood Village (built in 1950) in West Harwich for \$169,000 with a condo fee of \$58.
- A 1986 condo at Country Meadows in Harwich for \$215,900 with two-bedrooms and 1,000 square feet of space plus a condo fee of \$250.
- Two-bedroom condo at the Myacommet townhouse development (built in 1982) across from Saquatucket Harbor for \$289,000 with 1,022 square feet and a fee of \$300.
- A two-bedroom, 920 square foot condo at Wise Living’s Harwich House (a retirement community) listed for \$325,000 with a monthly maintenance fee of \$1,241.92.
- A two-bedroom condo in West Harwich at the new Gateway on the River development with 990 square feet and for \$349,900 (fee not listed).
- Another two-bedroom unit at The Melrose (built in 1996) in Harwich Port for \$409,000 with 1,271 square feet and a fee of \$1,179.

- A three-bedroom condo at Seaport Village in Harwich Port built in 2003 with 3,685 square feet of living space for \$1,00,095 and an almost \$1,000 condo fee.
- A two-bedroom waterfront penthouse apartment at the Belmont with 1,420 square feet of space and a \$559 fee for \$650,000.
- A four-bedroom condo with 5,700 square feet at the new Harwich Port waterfront Residence at Wychmere Shores for \$3.2 million including a condo fee of \$2,750 (includes membership at the Wychmere Harbor Club).

Additionally, owners who have been encountering some prolonged problems in selling are tending to rent instead until the market recovers. A realtor suggested that the condo market typically rebounds a bit later than single-family homes because purchasers tend to prefer homes until they become priced out of reach. There does tend to be more movement in the higher end of the condo market, however.

Condominium prices as of the end of June 2009, suggest a continued downward slide in condo prices. For example, the median price of units on the market decreased from \$389,900 in mid-2008 to \$279,500 in mid-2009. Also, the percentage of properties that were listed for more than \$400,000 decreased from almost 50% to 37.5% from July of 2008 to the end of June 2009. Only eight (8) condos sold between January and the end of June 2009, half of the units for less than \$200,000, ranging from a low of \$125,000 to a high of \$595,000. The average cumulative days on the market for these units was more than a year. Information on some of these properties is included below.

- A one-bedroom, one-bath unit with 702 square feet of living space, built in 1971 and located in Harwich Port, sold for \$143,000 but was originally listed for \$175,000.
- A two-bedroom, one-bath unit with 915 square feet in Harwich Port, originally listed for \$199,900 and sold for \$125,000.
- A two-bedroom unit, with two baths and 1,182 square feet in the same development as the above property, originally listed for \$199,900 and sold for \$190,000.
- A three-bedroom, four-bath unit, also in Harwich Port, that had 1,831 square feet, built in 2005, sold for \$560,000 but was originally listed for \$699,000.

Multi-family structures represent a very small segment of Harwich's housing stock, only about 300 properties according to Assessor's data. Multiple Listing Service data included the following information on these multi-unit properties in mid-2008:

Recent Sales

- A five-unit property on Route 28 in South Harwich recently sold for \$300,000 (this type of property might bear further study for inclusion in a buy-down program, for example).
- A two-family property on Old County Road in Harwich sold for \$370,000.
- A two-unit property on Main Street Extension in Harwich sold for \$398,000.
- Another five-unit property on Silver Street in West Harwich sold for \$506,909.

Current Listings

- A two-unit property on Belmont Road in West Harwich is listed for \$595,000.
- Another two-unit property located on Main Street in Harwich is listed for \$429,900.
- Other two-unit properties on Oak Street in Harwich and Route 28 in Harwich Port listed for \$349,000 and \$599,000, respectively.
- A four-unit property on Ocean Avenue in Harwich Port is listed for \$650,000.
- Another four-unit property on Snow Inn Road in Harwich Port listed for \$4.3 million.

As of the end of June 2009, the housing market included six (6) active listings of multi-family properties with prices ranging from \$399,900 to \$1,395,000, the median at \$469,000. Another unit sold in February 2009 for \$350,000 that was initially listed for \$389,000, involving 1,442 square feet of living space and located on Depot Road in West Harwich.

There has also been some recent activity in *mixed-use development*, creating both residential and commercial uses within a single development. One such development involved the conversion of an existing home into three (3) condos – two residential and one commercial – as well as the rehabilitation of four (4) cottages into year-round use. Another project included the construction of five (5) detached condos behind a structure that will be built as 750 square feet of retail space on the sidewalk and two residential condos above (a two-bedroom and one-bedroom unit). Prices ranged considerably from \$140,000 to \$499,000. Both developments were located along Route 28 in Harwich Port within walking distance to goods and services. Such development exemplifies the village center concept of planning with small lots, higher densities, retail along the frontage and residential use “above the shop” or behind the commercial space with parking also to the rear of the property. Both developments required zoning variances. Such development should be encouraged and the Town should consider incentives to incorporate some amount of affordable housing.

Rentals

Table III-22 summarizes census data for rental units from 1980 to 2000.

**Table III-22
Rental Costs
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Under \$200	57	8.4	43	4.5	28	2.9
200-299	265	38.9	42	4.4	54	5.5
300-499	267	39.2	215	22.4	112	11.5
500-749	11	1.6	309	44.8	304	31.2
750-999			209	21.8	263	27.0
1,000-1,499			42	4.4	79	8.1
1,500 or more					0	0.0
No cash rent	81	11.9	100	10.4	134	13.8
Total	681	100.0	960	100.0	974	100.0
Median rent	\$293		\$642		\$708	

Source: U.S. Census Bureau, 1980, 1990 and 2000 (Summary Table 3 – sample data)

Harwich gained 279 new rental units between 1980 and 1990, from 681 units to 960, a 41% increase. Only 14 rental units were added from 1990 to 2000, bringing the total number to 974 units. After 1980, Harwich experienced substantial growth and demographic shifts as significant numbers of homes were built based on the increasing demand of those interested in a second home or retiring to Cape Cod. With this building boom, home prices increased significantly, including rental values, which more than doubled from 1980 to 1990 alone, from \$293 to \$642. By 2000 this median rent had increased to \$708, just a bit lower than 2000 median gross rent of \$723 for the County. Table III-19 provides this census data on rent levels from 1980 to 2000.

Like housing values for homeownership units, rental values tend to be underestimated in the census data, and actual market rents are typically much higher as verified by local realtors. In 2008, realtors indicate

that it is difficult to find a year-round rental of a two-bedroom unit for less than \$1,200, confirmed by local listings while rents in the summer of 2009 have come down somewhat. Winter rentals are typically more affordable with three-bedroom units fetching about \$1,000 in 2008, comparable to 2009 rentals for two-bedroom units. Summer rentals, like most of this part of the Cape, have been very pricey and continue to be, especially near the water.

Internet listings of rental properties in Harwich during the summer of 2008 included the following:

Year-round Rentals

- One bedroom apartment in Harwich off of Route 28 for \$1,000.
- One-bedroom apartment in an age-restricted development (Wise Living) in Harwich for \$1,800.
- Two-bedroom unit on Bank Street in Harwich Port for \$1,500.
- Two-bedroom oceanfront condo for \$1,800.
- Two-bedroom home in East Harwich for \$1,200.
- Two-bedroom, second floor apartment in the Beach Plum condo development for \$1,200 in Harwich Port.
- Two-bedroom, two-story apartment for \$1,200 in Harwich.

Winter Rentals

- Four-bedroom home in Harwich, fully furnished, for \$1,100.
- Three-bedroom home with view of Alan's Harbor in Harwich Port for \$1,500 based on a month-to-month tenant at will arrangement as home is on the market to sell.
- Three-bedroom home in Harwich Port for \$1,000.

Summer Rentals

- Oceanfront three-bedroom home in West Harwich for \$5,000 per week.
- Four-bedroom home on the water in Harwich Port for \$4,000 per week.
- Five-bedroom home in a renovated historic farmhouse on cranberry bogs in Harwich Port for \$3,495 per week.
- Five-bedroom home near the beach in South Harwich for \$3,100 per week.
- Four-bedroom home on Bucks Pond in Harwich for \$2,065 per week.

Rents for year-round units have decreased somewhat since the summer of 2008, including the following listings of monthly rents in early July 2009:

- Studio apartment in Harwichport for \$650.
- One bedroom apartment in West Harwich off of Route 28 for \$775 (comparable apartments were renting for \$1,000 in 2008).
- One-bedroom, in-law apartment for \$850.
- Two-bedroom apartment in an age-restricted development (Wise Living) in Harwich for \$1,800 (the same rent for a one-bedroom unit in 2008)
- Two-bedroom, one-bath unit that is a first-floor apartment on Route 28 for \$920.
- Two-bedroom, two-bath unit in Harwichport for \$1,100 and another 2-bedroom duplex unit in a one-story ranch house for the same amount (more typically at least \$1,200 in 2008).
- Two-bedroom homes in the \$1,200 to \$1,500 range (similar to last year).

Winter rentals are actually somewhat higher in 2009 than they were for 2008, based on the following listings:

- Two-bedroom Cape house in West Harwich for \$850.
- Two-bedroom condos for \$1,000.
- Two-bedroom, furnished house for \$1,150 (some three-bedrooms were listed for \$1,000 and four-bedrooms for \$1,100).

3. *Affordability Analysis of Existing Market Conditions*

To afford the median sales price of the median valued home in Harwich of \$366,250 (based on The Warren Group information as of the end of May 2008), a household would have to earn approximately \$100,000¹⁹, substantially more than the projected 2008 median income of \$63,630. The 2000 census counted 534 households with incomes of more than \$100,000, about 10% of all households. Despite anticipated increases in income levels over the years since the 2000 census, it is clear that the bulk of new home sales are being targeted to the seasonal or second home market.

The borrowing power of the median income household (\$41,552) in 2000 was about \$150,000, significantly lower than even the median house value as reported in the 2000 census of \$183,000. The affordability gap was then about \$33,000 - the difference between the price of the median priced home and what a median income household could afford. A three-person household earning 80% of median income at that time, or \$36,650, could afford a home priced at little more than \$128,500 based on conventional lending requirements, resulting in an affordability gap of \$54,500.

Applying an updated median income estimate of \$63,630, based on the 53.13% change in the HUD median income levels for Barnstable County between 2000 and 2008, would result in an affordability gap of \$136,250, the difference between what the median income household could afford (\$230,000) and the median priced house (\$366,250). As of the end of 2008 this gap had narrowed to \$118,500 based on the median price at that time of \$348,500. Several months later the gap was further reduced to approximately \$75,000 given a median price of \$336,500, a new adjusted 2009 income of \$65,237 (that could finance a \$260,000 mortgage) and lower interest rates down to about 5.5%.²⁰ Therefore, from 2000 to mid-2008, the affordability gap widened from \$33,000 to \$136,250 and since May of 2008 decreased to \$118,500 as of the end of 2008 and down to \$75,000 as of March 2009.

For those earning at 80% of area median income (\$53,300 for a family of three), this gap was \$171,250, the difference of the maximum they could afford of \$195,000²¹ and \$366,250 as of May 2008. A two-person household could have afforded a home costing no more than \$180,000 under conventional lending terms at that time, culminating in an affordability gap of \$186,250. As of the end of March 2009 the gap was reduced to \$115,000 for a three-person household, earning \$55,900, and \$140,000 for a two-person household, earning \$49,700, once again based on adjusted 2009 median income levels, an updated median price of \$336,500 and a reduced mortgage interest rate of 5.5%. Moreover, an \$8,000 federal tax credit, available to first-time homebuyers through November 2009, adds to affordability.

¹⁹ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.05 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$250.

²⁰ Figures based on 95% financing, interest of 5.5%, 30-year term, annual property tax rate of \$6.25 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$250.

²¹ Assume no private mortgage insurance necessary given access to mortgages with more advantageous terms such as the Soft Second Loan Program.

Table III-23 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, approximately 8% of the Harwich's *single-family homes* were affordable only to households earning below median income (\$73,500) in 2008 based on conventional lending terms.²² There were only 54 homes valued within the means of those low- and moderate-income households earning at or below 80% of area median income, or \$53,300 for a household of three. However, another 629 single-family houses in Harwich could be considered moderately priced, affordable to households earning between 80% and 100% of the area median income, providing some potential opportunities for first-time homebuyers.

Table III-23
Approximate Cost of Single-family Units in Harwich, 2008

Price Range Single-family/Condo*	Income Range	Condominiums Available in Price Range		Single-Family Units Available in Price Range	
		Number	%	Number	%
Less than \$125,000/\$83,000	Less than 50% (Less than \$33,300)	142	16.9	5	0.06
\$125,001-\$195,000/ \$83,001-\$170,000	50% - 80% (\$33,300 - \$53,300)	138	16.4	49	0.6
\$195,001-\$270,000/ \$170,001-\$230,000	80% - 100% (\$53,301 - \$73,500)	260	30.9	629	7.6
\$270,001-\$320,000/ \$230,001-\$280,000	100% - 120% (\$73,501 - \$88,200)	43	5.1	1,580	19.0
More than \$320,000/more than \$280,000	More than 120% (More than \$88,200)	259	30.8	6,048	72.8
Total		842	100.0	8,311	100.0

Source: Town of Harwich Assessor's Database for fiscal year 2008. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price.

* Includes estimated condo fee of \$250 per month.

Condominiums are valued much more affordably with 142 units estimated to be affordable to very low-income households earning at or below 50% of area median income, based on a household size of three. Another 138 condos were assessed within an affordable range to those earning between 50% and 80% of area median income and another 260 to those between the 80% and 100% income range. Therefore, about 64% of the condo market was directed to those earning within median income, again these calculations are based on conventional lending practices in 2008.

It should also be noted that while Harwich's *multi-family housing* market is small, about 300 units, such housing is typically more affordable in the lower price ranges as it offers the opportunity of rental income. For example, a two-family, owner-occupied home priced at \$400,000 would be affordable to someone earning approximately \$80,000 (assuming rental income of \$1,000 of which 75% -- \$750 -- is likely to be included in mortgage financing computations) as opposed to a condo at the same price which would require an income of about \$120,000 given the additional computation of the condo fee (assuming \$250).

In regard to rentals, the gross median rent of \$708, according to the 2000 census, required an income of about \$28,320, without consideration for utilities, most likely requiring an income closer to \$35,000 with

²² Recent federal stimulus funding was intended to provide a boost to local lending and comes with an \$8,000 federal tax credit to first-time homebuyers. However, there is also evidence of a continued tightening of mortgage credit.

utilities. These costs are within the means of low- and moderate-income households. Rental listings indicate that year-round market rental listings are actually quite a bit higher with average year-round two-bedroom units renting for at least \$1,200, affordable to a household earning \$60,000 annually, assuming utilities are included in the rents. Winter rentals are a bit lower fetching about \$1,000 per month, affordable to households earning about \$40,000, once again assuming the inclusion of utilities in the rent.

In addition to an analysis of the affordability of entering the existing housing market, it is also useful to identify numbers of residents who are currently living beyond their means based on their housing costs. The 2000 census provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. Based on 1999 data, the census indicated that 183 households or 4.5% of the homeowners in Harwich were spending between 30% and 34% of their income on housing and another 814 or 20.1% of owners were spending more than 35% of their income on housing expenses. In regard to renters, 92 renters or 9.4% were spending between 30% and 34% of their income on housing and another 227 or 23.3% were allocating 35% or more of their incomes for housing. This data suggests that more than 1,300 households or more than one-quarter of all Harwich households were living in housing that is by common definition beyond their means and unaffordable.

HUD provides additional data on housing affordability problems through its CHAS report that identifies cost burdens by household type and whether they are renters or owners, offering the following breakdown of households within income categories.

Table III-24
Type of Households by Income Category and Cost Burdens*, 2000

Type of Household	Households Earning < 30% MFI/# with cost burdens	Households Earning > 30% But < 50% MFI/ # with cost burdens	Households Earning > 50% But < 80% MFI/# with cost burdens	Households Earning > 80% MFI/ # with cost burdens	Total/# with cost burdens
Elderly Renters	78/45	77/37	67/39	49/4	271/125
Small Family Renters	39/24	30/20	50/10	130/0	249/54
Large Family Renters	8/4	15/15	18/8	25/0	66/27
Other Renters	39/19	37/22	73/14	215/0	364/55
Total Renters	164/92	159/94	208/71	419/4	949/261
Elderly Owners	254/225	359/114	497/92	974/104	2,084/535
Small Family Owners	29/19	49/35	240/140	1,320/110	1,638/304
Large Family Owners	4/4	8/0	42/23	154/20	208/47
Other Owners	43/29	44/44	119/69	316/37	522/179
Total Owners	330/277	460/193	898/324	2,764/271	4,452/1,065
Total	494/369	619/287	1,106/395	3,183/275	5,402/1,326

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, 2000.

MFI indicates median family income.

* Cost burdens indicate that households are spending more than 30% of their income on housing. The CHAS data also provides data on those spending more than 50% of earnings on housing.

This report, based on 2000 census data for Harwich, indicates the following:

- About one-quarter of all households were spending more than 30% of their income on housing.
- There were 494 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, and of these 330 were owners and 164 were renters. Almost half of these owners and renters, or 308 total households, were spending more than 50% of their income on housing-related expenses.
- Almost half of the extremely low-income elderly owners and renters were spending more than 50% of their incomes on housing.
- There were 39 seniors who rented and were spending more than 50% of their income on housing.
- Of the 619 households earning between 30% and 50% of area median income, referred to as very low-income households, almost half were spending over 30% of their income on housing and more than one-quarter were spending more than 50% on housing.
- There were 1,106 households earning between 50% and 80% of median income and more than one-third were spending over 30% of their income on housing with about 7% spending more than 50% on housing.

4. *Subsidized Housing Inventory*

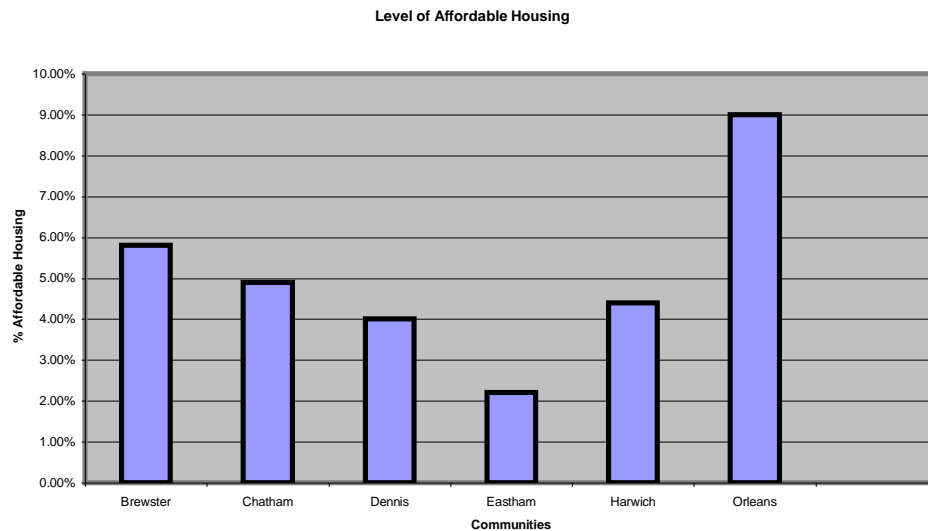
The state currently lists 261 affordable housing units in Harwich's state-approved Subsidized Housing Inventory, 4.5% of the total year-round housing stock of 5,862 units. Therefore, the town needs to produce at least 325 more affordable units to reach the state's 10% goal based on the existing housing stock. Another 39 affordable units have recently been completed or are in process, all of which will be eligible for counting in the SHI, bringing the total number of affordable units to 300 and putting Harwich over the halfway mark at 5.1%.

Harwich is not alone in this quandary about what to do about the relatively limited supply of affordable housing. Harwich's neighbors also have affordable housing levels below the state target, and, most, like Harwich, face significant challenges in meeting the 10% state goal. The level of housing affordability for each of the nearby towns is as follows:

1. Brewster – 253 units (5.8%)
2. Chatham – 175 units (4.9%)
3. Dennis – 327 units (4.0%)
4. Eastham – 59 units (2.2%)
- 5. Harwich – 261 units (4.5%)**
6. Orleans – 298 units (9.0%)

While none of Harwich's neighboring towns have produced enough affordable units to meet the state target of 10% of its year round housing stock, Orleans has an almost 9% level of affordability and is only 37 units shy of meeting the 10% threshold. There has been a wide range of demonstrated progress exhibited by the remaining towns listed above, and Harwich, at 4.5%, is towards the middle of the range. This information is summarized in Figure III-7.

Figure III-7



Build-out projections estimated by the state's Executive Office of Environmental Affairs (now renamed the Executive Office of Energy and Environmental Affairs) in 2000, indicated that Harwich could support 2,780 additional units of housing based on current zoning, which would require at least another 278 units be affordable to comply with the state's 10% Chapter 40B goal. This is over and above the current 325 affordable units that are needed based on the existing housing stock, representing a projected 600 additional affordable units required at build-out based on this particular analysis – a daunting task for a small community.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through deed restrictions. Table II-2 presents the income limits for the affordable units based on the 2009 HUD guidelines for the Barnstable area, including the town of Harwich. It is directed to those earning at or below 80% of area median income adjusted by family size. Using these income guidelines a family of two (the average household size in Harwich is 2.20 persons) could afford to purchase a house for no more than approximately \$140,000. Based on housing market information described above, the Town no longer has homes available within this price except for condominiums.

Current Inventory

Harwich currently has 261 units in its Subsidized Housing Inventory, 217 (83%) of which are rental, 32 (12%) that involve homeownership, and the remaining 12 (5%) through rehab loan programs. Table III-25 summarizes this Inventory of affordable dwelling units that are eligible for counting towards Harwich's 10% state affordability goal.

The Harwich Housing Authority (HHA) manages 20 of these units, eight (8) units for DMH special needs clients and 12 units of family rental housing at 111 Long Pond Road/127 Headwaters Drive. The Housing Authority closed its wait list a couple of years ago for its Long Pond/Headwaters Drive development, which contains more than 400 applicants (277 for two-bedroom units and 158 for three-bedrooms). Of the 12 units in this development (includes 2, two-bedroom units and 10, three bedrooms), only one has turned over thus far and this occurred

way back in 1996. Another unit is coming available and the Housing Authority is likely to fill it with the only current emergency and local preference applicant on its wait list. This means that the approximate wait time for a unit is more than 15 years. This extensive demand for family rental housing and very low turnover rate suggests a substantial existing need for more subsidized family rentals.

While the Harwich Housing Authority owns and manages the eight (8) units of special needs housing mentioned above, Fellowship Housing Resources works with DMH to fill any vacancies and provide necessary services. The Housing Authority also manages state rental vouchers and only recently had a couple of vouchers turn over.

Another 220 units were developed privately by for profit or non-profit developers. Almost three-quarters of these units, or 163 units, are part of three (3) phases of Pine Oaks Village that is owned by Mid-Cape Church Homes and has been managed by MB Management since the initial phase was developed in 1980 (see photo below). Phases I and II include a 98-unit elderly Section 8 property located on John Nelson Way and Phase III is a 65-unit elderly property located on Leighton's Lane.

Of all of the subsidized developments, four (4) projects totaling 112 units took advantage of the Chapter 40B comprehensive permit process, representing 43% of the current Subsidized Housing Inventory.

**Table III-25
Harwich's Subsidized Housing Inventory**

Project Name	# Affordable Units	Project Type/ Financing	Use of a Comp Permit	Affordability Expiration Date
Special Needs Housing	8 (HHA owns and manages/DMH clients)	Special needs rental/DHCD Chapter 689	No	Perpetuity
Long Pond/Headwaters*	12 (HHA owns and manages)	Family rental/DHCD Chapter 705	Yes	Perpetuity
Cedardale Road*	1	Ownership/HOP	No	Perpetuity
Pine Oaks Village I*	60	Senior rental/DHCD and RHS	No	2018
Pine Oaks Village II*	38	Senior rental/DHCD and RHS	No	2018
Pine Oaks Village III*	65	Senior rental/DHCD and HUD	Yes	2042
Queen Anne's Ct.	24	Ownership/DHCD HOP	Yes	2030
Community Way*	7	Ownership/DHCD HOP	No	2043
333 Route 28	11	Family rental/FHLBB	Yes	2023
DMR Group Homes	9	Special needs rental/DMR	No	NA
CCC HOR Program	4	Ownership/Rehab Program/DHCD	No	2008, 2011, 2011, 2012
CDP/LCCCCDC HOR Program	8	Ownership/Rehab Program/DHCD	No	2017-2019

HECH – Uncle Willis Lane	2	Family rental/ HUD	No	2039
Little Homesteads (CDP/LCCCDC)	8	Family rental/ DHCD	No	2045
Robert Lane (CDP/LCCCDC)	4	Family rental/ DHCD and HUD	No	2052
TOTAL	261			

Source: Massachusetts Department of Housing and Community Development, April 13, 2009.

*Projects involved Town-owned land.

In addition to new affordable housing development, Harwich can count nine (9) units through group homes managed by the state's Department of Mental Retardation (DMR) and another twelve (12) units through housing rehabilitation programs. These rehabbed units were subsidized by the Department of Housing and Community Development (DHCD), four (4) through the Cape Cod Commission and another eight (8) through the Lower Cape Cod Community Development Corporation's (now called the Community Development Partnership) Housing Rehabilitation Loan Program. This Program provided funding for property owners who rent year-round to Cape residents, as well as income-eligible, single-family homeowners, to bring units up to current building, health, and safety codes. The units are scattered throughout the town of Harwich. These units have deed restrictions in affect for 15 years, which are due to expire between 2008 and 2019, and thus eventually be eliminated from the Subsidized Housing Inventory.



There are several other developments that should also be counted as part of the Subsidized Housing Inventory, three of which are completed and the others in process including:

- *HECH Sisson Road (project completed)*
Harwich Ecumenical Council for the Homeless (HECH) was formed in 1990 by clergy and lay people from seven (7) Harwich churches for the purpose of providing housing for homeless families with children. In 2003, the organization purchased an old farmhouse on 1.67 acres on the open market for \$325,000 and redeveloped the property to accommodate 13 rental units and HECH's day care program. The farmhouse was reconfigured into three (3) apartments upstairs, the free day care facility on the first floor, two (2) apartments in the former garage as well as eight (8) more units in two (2) quadplexes. HECH continues to own and manage the property.

HECH received financing to acquire the property from Cape Cod Five Cents Savings Bank, construction financing from the Life Initiative, and the permanent mortgage from the Massachusetts Housing Partnership's Permanent Rental Financing Program. Total development costs were approximately \$4 million. Subsidies were provided by the Barnstable County HOME Consortium, the state's Affordable Housing Trust Fund, and Massachusetts Housing Partnership's Perm Plus Program.

The form to include these units in the Subsidized Housing Inventory has been submitted to DHCD and the 13 units should be added in short measure.

- *Driftwood Lane (project completed)*
This project involves the construction of three single-family homes on formerly Town-owned property on Driftwood Lane, two for first-time homebuyers and another as a rental, all affordable. HECH developed the project. Once again, a new units form has been completed and submitted to DHCD that will enable the 3 units to be included in the Subsidized Housing Inventory and counted towards the Town's 10% affordability goal.
- *HECH South Harwich (project completed)*
HECH also developed a project in South Harwich involving ten (10) rental units, nine (9) of which will be affordable with the other one at a market rent. Because the project was developed through a comprehensive permit, all ten units will count towards the Town's Subsidized Housing Inventory. Financing included \$695,000 from the Massachusetts Housing Partnership (MHP) Small Scale Rental Program, \$70,000 in Community Preservation funds, \$260,000 through the Affordable Housing Fund and \$120,000 in County HOME funding. The Life Initiative provided the construction funding. The form to have these units included in the SHI was submitted to DHCD and they will shortly be added.
- *Habitat Gomes Way (under construction and occupancy projected for 12/09)*
Habitat for Humanity of Cape Cod is developing 13 new homes in 10 separate structures at Gomes Way, all of which will be affordable. The project is being developed through a comprehensive permit and a special "women's build" initiative through Habitat. The Town of Harwich donated the nine-acre parcel and also allocated \$510,000 from Harwich's Affordable Housing Fund and another \$90,000 in CPA funding to further support this new development. Habitat expects to have the units occupied in the winter of 2009/2010.
- *Main Street Extension*
The Community Development Partnership is working with the Harwich Housing Authority on the development of a donated three-acre Town-owned property into 12 affordable rental units for families. The site is located past Depot Road near the Dennis line. The project has received approval of its comprehensive permit and expects to start construction in the summer of 2009 and occupancy the following summer. The town has also provided project subsidies including \$368,520 from its Affordable Housing Fund and another \$330,000 in CPA funds.
- *The American Dream Program I*
Harwich has contracted with the Harwich Housing Authority to build four (4) new homes in the first phase and another four (4) in the second phase for first-time homebuyers on scattered Town-owned lots. The name, "The American Dream," aptly describes the intent of providing a home that is both affordable and suitable for family life as well as a home built on a single lot whose design is compatible with the existing neighborhood. In addition to conveying the lots for only

a nominal amount, the Town has recently allocated the CPA article of \$25,000 (sponsored by the Harwich Housing Committee) to the Harwich Housing Authority to support the costs of coordinating the program development and implementation process. The Housing Authority issued an RFP for the sites and selected McShane Construction as the developer. The groundbreaking for the first four (4) units is scheduled for the summer of 2009 with occupancy in the winter of 2009/2010.

The inclusion of these 55 units, 65% of which are rental units, will bring Harwich's state-defined affordable housing count up to 316 units, representing 5.4% of the town's year-round housing stock.

Proposed Projects

The Town has additional affordable units in the planning and predevelopment stages through the following projects:

- *HECH West Harwich Project*
HECH is working on another development in West Harwich on Route 28 where it will build 20 rental units, all of which will be affordable through a comprehensive permit. HECH bought the two properties, which are fully leased, however the rents still do not fully cover the acquisition loan. Also, the Town owns an abutting parcel that would give access to the rear portion of both lots from a side road, which HECH hopes the Town will declare surplus and convey in support of the development.
- *Portuguese Men's Club Property*
Harwich's Portuguese Men's Club is partnering with the Community Development Partnership to develop five (5) of its nine-acre parcel as affordable housing. Title issues have delayed development, but plans include the development of approximately 40 rental units through a comprehensive permit, most likely through Low Income Housing Tax Credit financing. Both the Club and CDP hope to maximize the affordability of the project and the Town has already awarded the project \$350,000 from the Affordable Housing Fund and \$100,000 in CPA funds. The project also received a TAP grant from the Cape Cod Commission to have some early design input from students at the Boston Architectural College through Bean Architects. There have been some title issues that are currently being resolved.
- *American Dream II (see above)*
The conveyance of additional Town-owned property for this second phase of the American Dream Program, also including four (4) units, was approved by the May 2009 Town Meeting.
- *Rec Building/WHHS Cultural/Housing Development*
Harwich's Housing Committee is working to create 22 rental units. The Town has awarded the project \$85,000 in CPA funding to date. The Town issued a Request for Proposals in September 2008, however responses were withdrawn by developers after a contentious Board of Selectmen meeting regarding parking issues. The new RFP has been issued and responses are due in August 2009.
- *Buy-Down Program*
The Town is working with the Harwich Housing Authority and Bailey Boyd Associates on a Buy-down Program that will involve the purchase of existing housing units for eventual sale to eligible first-time homebuyers. The Harwich Housing Committee has received approval for \$280,000 from the Town's Affordable Housing Trust as well as \$75,000 from the Barnstable County HOME Consortium. The Housing Committee will request additional CPA funding at the

September 2009 Special Town Meeting. A Request for Proposals will be issued later this summer or early fall to identify properties, and the Housing Authority has submitted the Local Initiative Program application to the state for approval and the formal go-ahead to proceed.

- *Home Sweet Home Program*

The Harwich Housing Committee is working closely with the Town's Conservation Commission, Real Estate and Open Space Committee, Planning Board and Board of Selectmen on this Program, identifying appropriate properties and program terms and conditions for creating a cluster of new affordable homes on Town-owned property. At this point, approximately 33 units are planned, including 99 bedrooms.

- *Second Story Program*

The Second Story Program is directed to the Harwich Port Business District where under current zoning business owners who have second floor expansion capacity can add an affordable rental unit above their business. The Program provides funds for feasibility studies. If it turns out that a unit cannot be produced, the funding becomes a grant, however, if the owner can and is willing to pursue the creation of the unit, the funding becomes a loan. The Housing Committee requested \$125,000 in funding from the Affordable Housing Fund and has received \$20,000 thus far.

- *Summerwoods*

The Town approved a comprehensive permit for a 32-unit homeownership project with eight (8) affordable units that was appealed by abutters. The eligibility letter provided by the state was rescinded and therefore the project cannot proceed.

If these units reach completion, the town will be at a 7.0% affordability level, demonstrating substantial progress in producing affordable housing within the foreseeable future.

Additionally, the Town of Harwich, jointly with the Town of Dennis, was awarded federal Community Development Block Grant (CDBG) funding to support the rehabilitation of at least a dozen properties owned or rented by low- or moderate-income residents (earning at or within 80% of area median income) in the Harwich Center area. The funding, which totals almost \$1 million to be split between the two towns, comes from HUD but is administered by the state's Department of Housing and Community Development (DHCD). The community development consultant, Bailey Boyd Associates, prepared the grant application for the funding and is also coordinating program implementation. The consultant began taking applications last winter, and the actual cash to begin program operations has been received. A follow-up grant request for 2009 has been submitted and awards are scheduled for the fall of 2009. The objective of the program is to address code violations and health and safety concerns in homes and apartments, which are identified through property inspections by licensed construction supervisors. Landlords are required to pay 50% of the costs, and homeowners can receive 100% of the costs up to \$30,000. The grant money is provided as a no-interest deferred loan that is forgivable and declines by 1/15 per year. If the property is sold before the 15 years is up, the landlord or homeowner must repay the unforgiven portion of the loan.

C. Gaps Between Existing Housing Needs and Current Supply

As the affordability analysis indicates in Section III.C above, significant gaps remain between what most current year-round residents can afford and the cost of housing that is available. In fact current prices are shutting almost everyone out of the market that does not have substantial income and financial assets described in Section III.C above. Another look at the gaps between what housing is available in Harwich and what residents can afford to pay is demonstrated in the following analysis.

1. *Rental Housing Need*

The analysis included in Table III-26 projects a shortage of 211 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2000 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of a housing market that has seen extraordinary price increases since 2000. For rental units alone, the 2000 median rental of \$708 has climbed closer to \$1,200 based on real estate listings, an almost 70% increase. If Harwich wants to attract more young adults and service employees, it will have to make sure that it provides additional affordable rental opportunities to enable them to live in town as the current subsidized rental stock is inadequate to meet these needs.

Table III-26
Rental Unit Gap Analysis, 2000 to 2008

Income Group	Income Range*	Affordable Rent	# Renter Households** 2000/2008	# Existing Units*** 2000/2008	Deficit/ Surplus 2000/2008
Less than 30% of AMI	\$12,400 and less	Less than \$310	164/ 117	88/ 88	-76/-29
Between 30% and 50% of AMI	\$12,401 to \$20,650	\$310 to \$516	159/ 131	126/ 126	-33/-5
Between 50% and 80% of AMI	\$20,651 to \$33,000	\$516 to \$825	208/ 179	363/ 2	+155/- 177
Total			531/427	577/216	+46/-211

Source: 2000 HUD SOCDs CHAS Data – Housing Problems Output for All Households

* Based on 2000 HUD Income Levels for average size household of two persons.

** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2008 projections are based on 80% the change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

*** The projections assume that all 217 subsidized rental units cover those in the lowest income categories and based on rental listings, all other rentals are beyond the means for those earning below 80% of area median income.

A further analysis of the rental needs of different types of households is included in Table III-27. This table indicates that in 2000 there were 267 renter households with housing problems, either overcrowding or spending too much of their income on their existing housing. Just looking at the proportionate need of seniors, small families (two to four family members) and large families (five or more members), seniors comprise about 57% of those with housing-related problems, small families (two to four family members) make-up about 25%, and large families about 17%.

Table III-27
Level of Housing Problems by Type of Renter Household

Income	Elderly	Small Families	Large Families	All Other Renters	Total
< 30% AMI	78/45	39/24	8/4	39/19	164/92
30-50% AMI	77/37	30/20	15/15	37/22	159/94
50-80% AMI	67/39	50/10	18/8	73/14	208/71
> 80% AMI	49/4	130/0	25/10*	215/0	419/14
Total	271/125	249/54	66/37	364/55	950/271

Source: 2000 HUD SOCDs CHAS Data – Housing Problems Output for All Households

* Problems due to overcrowding

This Housing Needs Assessment suggests that the 211-unit deficit in Table III-26, based on the difference between projected number of households and available units in their price range, and the 271-unit level need included in Table III-27, focusing on those who are overcrowded or paying too much, creates an approximate need for at least 270 affordable rental units in Harwich. This Assessment recommends that these rental units be distributed as follows largely based on the distribution suggested in Table III-27:

Table III-28
Projected Distribution of Rental Units

Target Renter Households	Target Unit Size	Proportion of Need	# Units
Seniors/Individuals	One bedroom	50%	135
Small Families	Two bedrooms	35%	95
Large Families	Three + bedrooms	15%	40
Total		100%	270

Source: Source: 2000 HUD SOCDs CHAS Data – Housing Problems Output for All Households

This amount of rental housing will unlikely accommodate all of the pent-up regional demand, but represents a reasonable local goal. There should also be some focus on the housing needs of seasonal workers.

2. *Homeownership Need*

Table III-26 focuses on homeownership and demonstrates the waning supply of housing priced within the affordable range of many existing households and suggests a substantial need for more affordable homeownership opportunities in Harwich, well above the 325 affordable units projected to be required to get to the state's goal of 10% at buildout.

Table III-29 demonstrates that if you do not already own a home in Harwich, you are virtually shut-out of the housing market, with the exception of condos, and even those earning at median income levels are unlikely to find a home they can afford if they do not have substantial financial assets such as equity in a current home. These calculations suggest that there is almost a 1,500-unit deficit in homeownership units for those earning below area median income based on the difference between existing units and households. Because there is a gap between the current costs of housing and what residents can afford, this Housing Needs Assessment recommends that first-time homeownership opportunities be included as a priority in the town's affordable housing agenda either through the development of small single-family homes or three-bedroom condominiums for young workers and their families.

Empty nesters looking to downsize from their existing single-family homes should be able to find accessible and affordable condominiums in Harwich. However, given state requirements regarding assets, such as not having more than \$200,000 in net equity from a previous house or an additional \$75,000 in financial assets, puts many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory. Nevertheless, such housing does serve an important need for local seniors who want to afford to live independently in Harwich. Some service-enriched housing for seniors should also be considered.

Table III-29
Homeownership Affordability Analysis, 2000 to 2008

Income Group	Income Range* 2000/2008	Affordable Sales Prices²³ 2000/2008	# Households 2000/2008**	# Existing Units 2008*** # Single-family/ #condos	2008 Deficit or Surplus
Less than 80% of AMI	\$32,600 and less/\$53,300 and less	Less than \$115,000/less than \$195,000 (\$170,000 condos)	1,688/ 1,463	54/281	-1,128
Between 80% and 100% of AMI	\$32,601-\$40,750/ \$53,301-\$73,500	\$115,000-\$144,900/ \$195,001-\$270,000 (condos at \$170,001-\$225,000)	1,047/ 1,227	634/258	-335
Between 100% and 150% of AMI	\$40,751-\$61,125/ \$73,501-\$110,252	\$150,000-\$220,000/ \$270,001-\$400,000 (condos at \$225,001-\$360,000)	2,735/ 3,321	3,870/128	+677

Sources: 2000 HUD SOCDS CHAS and Census data, Harwich Assessor's Office

*Based on 2000 HUD Income Levels for average size household of two persons.

** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2008 projections are based on 80% change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

*** Calculates an increase in values based on current HUD and adjusted median income limits and use of updated assessments from Harwich Assessor's Office.

As noted earlier, only those units that are occupied by those earning at or below 80% of area median income can be counted as part of the Subsidized Housing Inventory.

3. Special Population Needs

Besides seniors, this Housing Needs Assessment identified approximately 2,700 residents with some type of disability. Of the 2000 population age 5 to 20 years old, 190 or 9.3% had some disability. Of those aged 21 to 64, 1,429 residents, or 23% of the persons in the age range, claimed a disability. About 75% of this group was employed, leaving another 25% unemployed, likely due to their disability. In regard to the population 65 years of age or older, 1,055 seniors or about 30% of those in the age group claimed some type of disability. Moreover, there are only a handful of existing handicapped accessible or

²³ Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$6.05 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$250.

adaptable units in the existing Subsidized Housing Inventory. These levels of disability, particularly that of seniors, represent significant special needs within the Harwich community, and the Town should try to integrate handicapped accessibility into new housing development of up to 10% of the units created, 20% for senior housing.

4. Existing Housing Condition Needs

Programs that continue to support necessary home improvements including deleading, septic repairs and modifications for the physically disabled, should be promoted for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes and including investor-owned properties tenanted by qualifying households. These programs include the recently implemented Housing Rehab Program, which the Towns of Harwich and Dennis are initiating with CDBG funding. The Towns were recently awarded almost \$1 million that should support the rehab needs of at least a dozen properties in the Harwich Center area that have building code or health and safety violations and are occupied by low- or moderate-income homeowners or tenants.

5. Summary of Priority Housing Needs

This Housing Needs Assessment suggests that the Town of Harwich establish the following targeted affordable housing production goals based on priority housing needs over the long-term.

**Table III-30
Summary of Priority Housing Needs and Targeted Production Goals**

Type of Housing	Seniors/Single Persons** One Bedroom Units	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	135	95	40	270
Ownership	30	30	70	130
Total	165	125	110	400
Special Needs*	(33) 20%	(12) 10%	(11) 10%	(56) 14%

Source: 2000 HUD SOCDS CHAS and Census data, Karen Sunnarborg Consulting

* Represents 10% of all units created in family housing and 20% in senior and single person housing.

** Approximately 10% of units in this category directed to non-elderly, single person households or 16 individuals.

While demographic trends suggest increasing needs among seniors, these long-range production goals place a somewhat greater emphasis on family units because the bulk of the housing units currently included in the Town's Subsidized Housing Inventory are targeted specifically to seniors, 163 of the total 261 units or 62.4%. As a result, the goals have been adjusted, reducing the one-bedroom goals by one-third, adding these units to the family unit goals and also adding 16 units for non-elderly single-person households in the one-bedroom category.

**Table III-31
Summary of Priority Housing Needs and Adjusted Production Goals**

Type of Housing	Seniors/Single Person One Bedroom Units	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	90/13	125	55	283
Ownership	20/3	33	77	133
Total	110+16 or 126	158	132	416
Special Needs*	(22/3)	(16)	(13)	(54)

Source: 2000 HUD SOCDs CHAS and Census data, Karen Sunnarborg Consulting

* Represents 10% of all units created in family housing and 20% in senior housing and single-persons.

D. Local and Regional Organizations

The town of Harwich has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services:

1. Harwich Housing Authority

The Harwich Housing Authority was established in 1986 and currently owns and manages 20 units of affordable housing including 12 family rental units at 111 Long Pond Road/127 Headwaters Drive. These units involved side-by-side duplex construction on scattered sites in existing neighborhoods. While the Housing Authority closed its wait list a couple of years ago, containing more than 400 applicants (277 for two-bedroom units and 158 for three-bedrooms), it decided to recently reopen the list and accept new applicants for the state-aided, three-bedrooms and has subsequently closed the wait list again. The other eight (8) units are for DMH special needs clients. The Authority also manages a number of state rental vouchers through the Massachusetts Rental Voucher Program (MRVP).

The Executive Director of the Housing Authority splits her time between Harwich and Chatham where she has been active in supporting a variety of Town housing initiatives. Based largely on the program in Chatham, the Harwich Housing Authority has recently introduced a Rental Assistance Revolving Loan Program to provide qualifying households with first, last and/or security deposits for rental units in Harwich. The Harwich Housing Authority presented the Program to the Town and received initial funding of \$100,000 through the Town's Community Preservation Fund towards the purpose of making it easier for households to access year-round housing and to build opportunities for lower income households to budget for homeownership.

Participants receive a voucher that is in fact a loan, the amount of which is based on their income, expenses, and rent level and is paid directly to the landlord. This amount is repaid by the Program participants in monthly installments and deposited into the Program's Revolving Loan Fund and thus available for further lending to other eligible participants. The Program requires all participants to sign a one-year loan agreement outlining their obligations under the Program and also sign a Limited Funding Agreement, which explains the Program. Moreover, each participant must enroll in a Budgeting Class within six (6) months of receiving the voucher/loan and encouraged to attend first-time homebuyer classes.

Participants must meet a number of eligibility criteria including residency in Harwich. The Harwich Housing Authority has established a separate account for the Program and submits quarterly reports to the Harwich Community Preservation Committee. Thus far the six (6) participants have received funds and are attending or already have attended the requisite education classes related to budgeting and homeownership.

The Housing Authority has also entered into a contract with the Town to coordinate a program to build new homes for eligible first-time homebuyers. This program, called the American Dream Program I, involves new home construction on four (4) Town-owned lots scattered throughout Harwich. The Housing Authority received \$25,000 from a CPA article sponsored by the Harwich Housing Committee to issue the Request for Proposal, conduct the lottery and administer all other aspects of the Program. It is expected that the homes will be built as one or two-story Capes with approximately 1,150 square feet costing approximately \$150,000 to build. In addition to providing the land for only a nominal cost, it is the overall intent of the Program to have the Town also provide \$20,000 in supplemental CPA funds to cover down payment costs. A second phase of this Program is planned, and the Housing Committee received approval of additional Town-owned property for an additional four (4) affordable homeownership units at the May 2009 Special Town Meeting.

Additionally, the Authority is working with CDP on the Main Street Extension project that will involve approximately 12 new rental units on former Town-owned property that has been conveyed to the Housing Authority. CPA funding has also been committed to this project to cover some predevelopment costs totaling \$30,000 and additional project financing includes another \$300,000 in CPA funds, \$368,520 from the Harwich Affordable Housing Fund and \$125,000 in HOME funding from the Barnstable HOME Consortium.

The most recent initiative is the Harwich Buy-down Program, which the Housing Authority will be administering in coordination with Bailey Boyd Associates. This program received \$280,000 in funding from the Town's Affordable Housing Fund and \$75,000 in HOME funds. The Housing Committee will request additional funding from the Community Preservation Fund at the September 2009 Special Town Meeting. The Program will issue an RFP in the summer or fall of 2009 to then purchase existing units and flip them to qualifying first-time buyers with deed restrictions in perpetuity.

2. *Harwich Community Preservation Committee*

In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In November 2004, Harwich Town Meeting adopted the CPA and ballot approval occurred in May 2005, with support of 82% of all voters. Harwich approved a 3% surcharge without any exemptions. Like the other communities on Cape Cod, Harwich voted to convert the 3% property tax surcharge that had been committed to the Land Bank for the purchase and conservation of open space into funding to support the Community Preservation Fund. As a result, the Town was able to continue to receive state matching funds, as state support for the Land Bank had run out, without raising additional taxes.

The Community Preservation Committee includes nine (9) members including representatives of the Board of Selectmen, Housing Authority, Housing Committee, Conservation Commission, Historical Commission, Planning Board, and Recreation and Youth Commission, and Real Estate and Open Space Committee appointed for three-year terms by the Board of Selectmen. Estimates indicate that the surcharge will raise approximately \$900,000 from local funds annually. The state match is expected to

decrease somewhat, potentially to as low as 65% or about \$585,000 for a total of almost \$1.5 million. The Town is focused on paying for land it purchased awhile back for conservation purposes, but has also allocated significant funding for housing including:

- \$90,000 for Habitat for Humanity's development at Gomes Way.
- \$100,000 for the Rental Assistance Revolving Loan Program operated by the Harwich Housing Authority.
- \$70,000 in support of HECH's South Harwich development.
- \$100,000 for predevelopment work on the Portuguese Men's Club and CDP's sponsored housing development.
- \$30,000 in predevelopment funding for the Housing Authority's and CDP's Main Street Extension development and another \$300,000 to further subsidize the affordable units.
- \$25,000 sponsored by the Harwich Housing Committee towards the Harwich Housing Authority's administration of the American Dream Program I and an additional \$20,000 towards down payment costs.
- \$200,000 towards the Housing Authority's Infrastructure Development Fund that is available to developers who are in the beginning stages of producing rental housing. The funds can be used for predevelopment activities or small gap financing needs.
- A total of \$296,750 in five articles in 2006, 2007 and 2008 towards the Rec Building WH School Cultural/Housing Mixed-Use Development sponsored by the Housing Committee, Cultural Council and Historic Commission (\$40,000, \$25,000, \$90,000, \$84,000 and \$57,750).

3. *Harwich Housing Committee*

The Harwich Housing Committee was established by the Board of Selectmen to promote diverse solutions to the acknowledged shortage of affordable housing that will further the Town's goal of reaching the 10% affordability goal stated in the Harwich Local Comprehensive Plan. The Board of Selectmen appoints five (5) members that will work in partnership with the Harwich Housing Authority to perform the following functions:

- Identify the need for affordable housing including emergency housing, handicap accessible units, rental and ownership needs, and seasonal housing needs and issues;
- Review the Local Comprehensive Plan (LCP) regarding goals and objectives relating to affordable housing;
- Identify existing housing resources for low- and moderate-income housing, potential mixed-use properties, and current Town-owned property suitable for multiple or single-unit housing;
- Identify potential remedies and courses of action to promote affordable housing;
- Develop financial analysis related to potential housing strategies;
- Identify potential funding sources; and
- Prepare a written report for presentation to the Board of Selectmen on an annual basis that includes specific recommendations with a plan to address affordable housing needs.

The Harwich Housing Committee has been the primary advocate for new housing initiatives, working closely with the Housing Authority as well as other Town boards and committees on new housing efforts.

4. *Harwich Council on Aging*

The Harwich Council on Aging is a Town department that supports the quality of life of Harwich's elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, community-based services to promote independent living such as a free shuttle van to local stores and services (COA van as well as a van supported by the Friends of Harwich Council on

Aging), and in-home support services. The Council relies heavily on local volunteers to support its activities and operates a senior center.

The Council receives a number of inquiries regarding housing, particularly regarding where elders might find affordable housing, either rental or ownership, that is easily accessible on the ground floor or by elevator. Particularly vulnerable seniors are those who lose a spouse that results in a substantial decrease in their fixed incomes during a time of rising housing expenses including taxes, utilities and insurance. A number of Harwich's seniors would prefer to move from their more isolated and increasingly difficult to maintain single-family homes, but are finding that they cannot afford to stay in town. The only affordable rental units for seniors is Pine Oaks Village where there are two to three-year waits for a unit and where only a couple of handicapped accessible units are available, and Davenport units in Harwich Port that are not part of the Subsidized Housing Inventory but provide rentals at the lower end of the price range from about \$1,000 to \$1,250.

In regard to condos, there are few affordable options. None of the condos are currently eligible for counting as part of the Subsidized Housing Inventory but there are some condo developments that have attracted seniors including:

- Wise Properties/Harwich House
All 60 units are age-restricted and handicapped accessible but priced currently above \$295,000 with maintenance fees of about \$1,200 although one of the few one-bedroom units was listed for \$189,000 but with a maintenance fee of almost \$1,000.
- The Melrose in Harwich Port is age-restricted and condo prices range from about \$300,000 to \$400,000. A recent listing included a two-bedroom unit for \$409,000 with a \$1,179 monthly fee.
- Myacomet condos in Harwich Port attract mostly seniors and while many owners bought units when prices were in the \$100,000 to \$200,000 price range, they are now fetching more than \$300,000 although a recent listing included a two-bedroom unit for \$289,000 with a \$300 condo fee.
- The Anchorage also attracts significant numbers of seniors and currently has a one-bedroom unit listed for \$189,757 and a two-bedroom for \$275,000 with condo fees of \$242 and \$275, respectively.
- Beach Plum condos is another development with a substantial number of seniors located near the center of Harwich Port with prices now below \$200,000.

The Council on Aging indicated that reverse mortgages were fairly popular a couple of years ago, but interest has declined considerably given the softening of the real estate market. It was suggested that some effort to promote home sharing and accessory apartments would be helpful for local seniors who live in large homes and could benefit from some additional income as well as companionship.

The Council on Aging also works with the Town on a program that abates taxes for qualifying seniors in exchange for services to the Town. The Town currently allows a maximum of \$750 to be worked off in exchange for 100 hours credited at \$7.50 per hour. The Town began the program this fiscal year, allocating 30 slots, 15 of which are filled so far. In addition to this work program, the Town also operates a variety of tax exemption programs for income-eligible seniors, veterans, surviving spouses, etc. that reduce property tax bills.

The Council on Aging has also prepared a Ten-Year Strategic Plan that identified the types and levels of services required to meet the needs of Harwich's increasing senior population.²⁴ The Council on Aging

²⁴ Wheeler Performance Group, Harwich Council on Aging Strategic Plan (2009-2019), Mary 18, 2009. The report defines the senior population as those age 59½ or more.

hired a consultant, the Wheeler Performance Group, to do this work, and the results provide important updated information to the Harwich Housing Committee and Housing Authority on the current and future needs of the community's seniors. Particularly noteworthy was the demographic analysis that indicated that Harwich's seniors (defined as 59½ years or more for this study) would comprise 61% of all residents by 2020. The document further states, "Among this growth will be an influx from the current resident Baby Boomers and others who move to Harwich from off-Cape locations over the coming decade. These new seniors will be better educated and demand more from the COA. Such a scenario will have very significant implications for not only the COA but for Harwich as well. The ability of the COA, without proper planning, to meet the needs of Harwich's seniors, will be challenged at best."²⁵

5. *Harwich Affordable Housing Fund*

The Harwich Board of Selectmen established an Affordable Housing Fund in September 2005 to preserve, promote, and increase affordable housing within the Town of Harwich. The Board of Selectmen is authorized to expend fund monies to pay for a wide range of affordable housing activities including planning, research, acquisition, creation, construction, repair, maintenance, rehabilitation, program administration, legal and engineering costs associated with and incurred for affordable housing, and to fund grants to the Harwich Housing Authority for any low-income rental assistance programs.

The Town of Harwich has effectively dedicated special dedicated resources towards the support of affordable housing initiatives through the creation of this Fund, in this case rents from a cell tower lease that averages about \$36,000 per year and sale of Town-owned property that while assessed at \$250,000 was sold for \$1.6 million. The local Housing Committee was instrumental on getting early approval of the use of these funds for affordable housing. Also additional public funds can be appropriated to the Fund by Town Meeting and other gifts or grants can be directed to the Fund pursuant to an affirmative vote of the Board of Selectmen. The policy that has been established provides the Board of Selectmen with significant flexibility regarding what affordable housing initiatives to fund.

As of the end of FY 2009, over \$1.8 million has been deposited into the Fund. Allocations from the Fund have included the following:

- Two contributions of \$325,000 and \$185,000 to Habitat for Humanity of Cape Cod for its Gomes Way project,
- \$143,000 to subsidize the resale price of two affordable homes where deed restrictions would have resulted in unaffordable prices (the deed restrictions were rewritten to insure that the resale price formulas were no longer tied to market values),
- Support for Barnstable's homelessness prevention program – Operation in From the Streets,
- Additional funding for predevelopment work on potential developments including \$260,000 to HECH and \$368,000 for the Community Development Partnership,
- \$280,000 has been approved for Harwich's Buy-down Program,
- \$20,000 for American Dream I,
- \$15,000 for American Dream II,
- \$20,000 for the Second Story Program, and
- \$5,000 towards the preparation of this Housing Production Plan.

²⁵ Wheeler Performance Group, Harwich Council on Aging Strategic Plan (2009-2019), Mary 18, 2009, page 10.

The Town had prepared a home rule petition to the state for official approval of the fund. The vote to pursue this legislation was approved at a special Town Meeting in February 2008, and the Town received state approval in January 2009.

6. *Cape Cod Commission*

The Cape Cod Commission was created as the regional planning and regulatory agency for the Cape. In addition to coordinating a wide range of planning and policy activities, the Commission administers the Technical Assistance Program (TAP), which provides funds for consultant to assist communities in promoting affordable housing. The Commission also manages the allocation of a number of housing subsidy funds that can be made available to communities to support affordable housing efforts including the oversight of HOME Program funds on behalf of the Barnstable County HOME Consortium, the Soft Second Loan Program to subsidize mortgages for first-time homebuyers, the DRI Fund Management, and the County Home Ownership Fund (CHOP). (3225 Main Street, Barnstable, MA 02630; 508/362-3828).

7. *Barnstable County HOME Consortium*

This Consortium includes all municipalities in Barnstable County and provides federal HOME Program funding to support the financing of a wide variety of housing activities. These funds are available to all towns participating in the Consortium, including Harwich, and are administered by the Cape Cod Commission. HOME funding for Harwich included:

- \$11,800 for the HECH duplexes at Uncle Willis Lane,
- \$100,000 for HECH's Sisson Road development,
- \$80,000 for Pine Oaks III,
- \$117,286 for 836 Route 28 (Little Homesteads Project),
- \$64,332 for the Down Payment/Closing Cost Program,
- \$71,221 for nine (9) loans as part of the Homeowner Repair Program,
- \$125,000 for CDP's Main Street Extension project,
- \$75,000 for the Buy-down Program, and
- \$125,000 for Habitat for Humanity of Cape Cod's Gomes Way project.

(C/O the Cape Cod Commission; 3225 Main Street, Barnstable, MA 02630; 508/362-3828).

8. *Harwich Ecumenical Council for the Homeless (HECH)*

Harwich Ecumenical Council for the Homeless (HECH) was formed in 1991 by clergy and lay people from seven (7) Harwich churches for the purpose of providing housing for homeless families with children. HECH has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, and youth counseling. In 1996, HECH began purchasing its own rental housing and has purchased a house or condominium to keep a family housed. The organization raises funds from individual donors and through special events. To date the organization has produced 15 units of affordable housing units through its Sisson Road and Uncle Willis Lane developments and has another 14 affordable units (20 total units) underway, either under construction or in planning including a rental development in South Harwich and a rental project in West Harwich. (P.O. Box 86, West Harwich, MA 02671; (508) 432-0015).

9. *Community Development Partnership (formerly called the Lower Cape Community Development Corporation)*

The Community Development Partnership (CDP), formerly known as the Lower Cape Cod Community Development Corporation (LCCCDC), was established in 1992 to promote affordable housing and economic development in the towns of the Lower Cape. In regard to affordable housing, the organization recognized that the dwindling supply of affordable housing was becoming a critical problem and focused on two important strategies. Through its Housing

Development Program it is creating new, year-round, affordable housing units by purchasing existing units or building new units. The organization also used to manage the Housing Rehabilitation Program throughout the Lower Cape that was supported through Community Development Block Grant (CDBG) funds provided by the state. While the program was suspended given funding constraints, the organization has been able to obtain some state funding to manage the program in Wellfleet and Provincetown.

CDP completed the Little Homesteads development in Harwich that involved the rehabilitation of a former motel, schoolhouse, and historic Captain's house on a single property on Route 28 in Harwich into eight (8) rental units consisting of two (2) 2-bedrooms units, five (5) one-bedroom units, and one (1) studio. The buildings had most recently been used as market-rate rentals. The CDC purchased the property, rehabbed the units, and converted them into affordable apartments, deed restricted in perpetuity. CDP purchased the property in 2005, using seller financing to bridge the gap between when state financing was committed and when funds were received. State Affordable Housing Trust Funds, HOME, CDBG, Barnstable County Rental Program, CEDAC, and Weatherization funds were awarded to the project, totaling \$1,252,164. CDP was able to retain a number of the existing tenants and, at the time of purchase, filled the remaining units with households earning under 50% and 60% of AMI. CDP conducted renovations while the units were occupied, completing the project in Spring 2006. CDP obtained permanent financing through Cape Cod Five Cents Savings Bank.

CDP is currently partnering with the Harwich Portuguese Men's Club on the development of approximately 40 rental units through the comprehensive permit process and is also working with the Harwich Housing Authority on the development of 12 affordable rental units on former Town-owned land that was conveyed to the Housing Authority. (P.O. Box 1860, Main Street Mercantile, North Eastham, MA 02651; 508/240-7873)

10. *Habitat for Humanity of Cape Cod*

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the Cape that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. The organization is in the process of developing 13 new affordable homes in Harwich on Gomes Way. (658 Main Street, West Yarmouth, MA 02673; 508/775-3559)

11. *Housing Assistance Corporation (HAC)*

The Housing Assistance Corporation (HAC) has proclaimed its mission to "promote and implement the right of all people on Cape Cod and the Islands to occupy safe and affordable housing". This non-profit organization is working throughout the Cape as a sponsor of affordable housing developments and has a wide range of financial and educational resources available for renters, existing homeowners and first-time homebuyers including HOME Program funding and rental subsidies. (460 West Main Street, Hyannis, MA 02601; 508/771-5400)

IV. OBSTACLES TO DEVELOPMENT

It will be a great challenge for the town of Harwich to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development including the following:

A. Infrastructure

As mentioned earlier, a major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services that raise concerns among residents about impacts of any new development on the environment, water supply and quality in particular, which are critical issues for Cape Cod. Residents must rely solely on on-site septic systems unless special treatment facilities are integrated into the new development, a costly measure that requires a fairly large project to be feasible. It should also be mentioned that some very limited areas of Harwich also do not have municipal water services.

As part of the 2006 Pleasant Bay Estuary System Report, DEP has released suggested total maximum daily loads (TMDLs) for total nitrogen (N) for the Pleasant Bay watershed that includes a portion of Harwich. The primary goal is to lower the concentrations of nitrogen by greatly reducing the loading from on-site subsurface wastewater disposal systems through a variety of centralized or decentralized methods such as sewerage or treatment with nitrogen removal technology, advanced treatment of septage, upgrade/repairs of failed on-site systems, and/or installation of N-reducing on-site systems.

Similar studies are already in process for the nearby Namskaket and Quivett Estuary Systems, which will result in similar state suggested nitrogen loading limits. At this time these are only suggestions by the state. However, DEP will likely change these to mandated regulations, and the Town will be required to adhere to no net nitrogen standards.

It should also be noted that the Town is creating a Comprehensive Wastewater Management Plan (CWMP) that it is coordinating with the Commonwealth of Massachusetts and the Cape Cod Commission. The consultant is in the process of preparing growth-related projections that will be helpful in planning for future development. However, due to an extended dispute between two governmental agencies regarding the release of the data, the Harwich Comprehensive Wastewater Management Plan has suspended its \$500,000 for one year.

Mitigation Measures: It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, the Town will need to consider providing municipal sewer services in some areas of town where growth could better be directed at some point in the future. The Cape Cod Commission is currently working on a mapping project that is likely to provide information to Cape communities on likely areas for targeting increased densities. Moreover, future water supply sites need to be addressed and protected in the Town's growth management planning.

B. Environmental Concerns

Harwich's eleven (11) miles of coastline, 22 ponds, the Herring River estuary, Pleasant Bay coastal embayments, hundreds of acres of protected parkland or conservation land, among other natural areas, attract thousands of visitors annually and provide highly valued opportunities for a wide range of

recreational activities. These important natural assets need to be protected to the greatest extent possible and include, but are not limited to the following:

- *Water* -- The town has 22 fresh water ponds including 14 great ponds of ten (10) acres or more and eight (8) lesser ponds. Flax Pond was polluted in the past and mitigation was undertaken and in others some mitigation of polluted runoff is warranted. The Department of Highways has a program for Drainage Manholes which has addressed many of these problems. Also, excessive well pumping near ponds may damage certain rare species habitats. The town also has substantial areas of cranberry bogs and freshwater wetlands that should, to the greatest extent possible, be preserved. There are also has important salt water bodies including Nantucket Sound, Pleasant Bay, and the Herring River watershed that include estuaries and embayments that are valuable environmental, economic and aesthetic assets. These areas have been subject to some degradation based on erosion, debris and overuse.
- *Monomoy Lens* -- Harwich, along with Dennis, Orleans and Chatham, obtains its drinking water from a sole-source aquifer, the Monomoy Lens. Because drinking water is such a crucial resource, the Town has enacted a Drinking Water Resource Protection By-law that limits development of land within its Zone II's, the recharge areas for its wellfields. Further, the Town has enacted the Six Ponds Special District to further protect against the destruction of habitat and pollution of surface and groundwater resources involving 1,350 acres of land area and 114 acres of pond surface area.
- *Existing Open Space* -- The Town has struggled to protect open space, which is under tremendous development pressures. As a result of both public and private efforts, approximately 1,500 acres of the town's land area is now permanently protected. There is a full understanding that as build-out approaches, development pressures will increase, which further suggests the need to actively preserve land and accommodate affordable housing within existing and future development.

The impacts of any new development must be identified as to how its affects the environment and what actions might be required to mitigate impacts. While regulations to protect the environment, such as wetland By-laws and ZONE II regulations, and to protect the public health, such as Title V regulations, are important and essential, they nevertheless present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

Mitigation Measures: Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments, converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, cluster development, and encouraging mixed-use development (see Section VII.B and C for details on these strategies). The Town of Harwich is presently looking to update its Land Management/Open Space Plan by the end of June 2009, that will help the Town better plan for the use of its land resources.

C. Zoning

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. The Town is divided into a number of different Zoning Districts²⁶, each with its own requirements including:

- Residential – Rural Estate (R-R)
- Residential – Low Density (R-L)
- Residential – Medium Density (R-M)

²⁶ Harwich Zoning By-law, Section III Establishment of Zoning Districts.

- Residential – High Density 1 (R-H-1)
- Residential – High Density 4 (R-H-3)
- Commercial – Village (C-V)
- Commercial – Highway 1 (C-H-1)
- Commercial – Highway 2 (C-H-2)
- Industrial – Limited (I-L)
- Multi-family Residential – Low Density (M-R-L)
- Multi-family Residential – Low Density 1 (M-R-L-1)
- Drinking Water Resource Protection District (W-R)
- Personal Wireless Service Overlay District (P-W-S)
- Elderly Affordable Housing (E-A-H)

Moreover, the By-law establishes additional overlay districts that are specifically delineated areas that overlay existing zoning district(s) and provide for more specific regulations and requirements to protect environmentally sensitive areas, promote housing affordability for seniors, and control commercial development in villages, for example. These Zoning Overlay Districts include:

- Elderly Affordable Housing
- Drinking Water Resource Protection District
- Six Ponds Special District²⁷
- Personal Wireless Service Overlay District
- Harwich Center Overlay District
- Village Commercial Overlay District

These Zoning Districts allow the Town to better control and direct development. However, like most localities in the Commonwealth, Harwich's Zoning By-law embraces large-lot zoning of at least 40,000 square feet. Low housing density severely constrains the construction of affordable housing. Minimum lot frontages of 150 feet, 25-foot front, and 20-foot side and rear yard setbacks, as well as 2½-story height limits also seriously constrain affordable housing development. There are, however, several zoning provisions included in the existing By-law that are meant to potentially promote smart growth and/or more housing affordability including:

- *Accessory Apartments*²⁸
The Zoning By-law allows accessory apartments in single-family homes by special permit in a number of zoning districts under the following conditions:
 - The dwelling should have the appearance of a single-family home with one entrance. All other entrances must be in the rear.
 - The residential lot must have at least 40,000 square feet.
 - The owner of the property must occupy the principal dwelling or accessory unit on a year-round basis except for bona fide temporary absences or both units are owned by a non-profit housing entity. Owners must provide a notarized affidavit of ownership and occupancy every two (2) years.
 - The accessory unit cannot be larger than 600 square feet.
 - Accessory units are not allowed in detached structures unless apartments already existed prior to approval of the By-law.
 - One off-street parking space is required.

²⁷ The Six Ponds Special District, Harwich Center Overlay District and Village Commercial Overlay District are not officially mapped.

²⁸ Harwich Zoning By-law, Section X. 7 and 8 Administrative Official and Section II Definitions.

- Units cannot have more than one-bedroom and must have a kitchen, living room and bath that are separate from and not used by the principal dwelling.
- At least one (1) wall of at least eight (8) linear feet of living space for both the principal dwelling and apartment is common to both dwelling units.
- An applicant for an accessory apartments in the W-R (Water Resource) District must provide proof of a recorded covenant that states that the lot containing the dwelling will not be reduced to less than 60,000 square feet unless the kitchen facilities of the accessory unit have been removed and the property has been returned to single-family status.

Failure to comply with these provisions will result in the special permit becoming null and void and within the next 12 months, the kitchen must be removed and the home brought back to single-family status. To date about 75 accessory apartment units have been permitted.

The Zoning By-law includes another section related to accessory apartments, referred to as Certification of Dwelling Units, that states, “An accessory apartment or any dwellings in existence on the effective date of this by-law that were not in compliance with existing zoning when constructed may be granted a special permit from the Board of Appeals to allow the use to continue provided that any units (either the main or accessory unit or a number of units equal to the number not permitted) is *deed restricted to remain affordable* as defined by the Department of Housing and Community Development for a period of 20 years, and that the Board of Appeals finds that the issuance of the special permit will not be detrimental to the neighborhood.”²⁹ The dwelling must be inspected and be in compliance (or brought into compliance within 60 days) with all building codes and Board of Health regulations. This bylaw was adopted only a couple of years ago and no affordable accessory units have been produced to date.

Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing development, the Town might consider amending the By-law to better promote such units even if they are not eligible for inclusion in the Subsidized Housing Inventory.

- *Two-family Dwellings*³⁰

The Planning Board can also provide special permits for two-family dwellings that the By-law defines as “a building containing two (2) dwelling units, whether side-by-side, over each other or in any other combination provided there is a common roof or a series of roofs connecting the dwelling units.”³¹ The special permit requires that the following conditions be met:

- The lot area must be at least 40,000 square feet of contiguous upland with the exception of the W-R (Water Resource) District where the minimum is raised to 60,000 square feet.
- Minimum floor area for each unit of 800 square feet.
- Units must be connected by a common roof or series of roofs.
- Two off-street parking spaces per unit.

- *Multi-family Dwellings*³²

Multi-family housing is permitted under special permit in the R-H-2 and R-H-3 Districts, the By-law requiring 40,000 square feet per unit plus another 4,500 or 7,500 square feet per unit. Multi-family units in the MR-L and MRL-1 districts require parcels of at least ten (10) or eight (8)

²⁹ Harwich Zoning By-law, Section X.15 Administrative Official.

³⁰ Harwich Zoning By-law, Section X.13 Administrative Official.

³¹ Harwich Zoning By-law, Section II Definitions.

³² Harwich Zoning By-law, Section V Use Regulations and Section VI Area, Height and Bulk Regulations.

acres, respectively, with maximum densities of eight (8) and four (4) bedrooms per acre, respectively. The W-R district allows multi-family housing based on 60,000 square feet per unit. Other restrictions include that the units and accompanying lots not comprise more than 15% of the land area in the R-H-3 and M-R-L districts, going up to 30% in the R-H-2 district. This bylaw has not been used as there is not enough land in the places where such housing is allowed.

- *Open Space Residential Development*³³

The By-law allows the Planning Board to issue special permits for Open Space Residential Development where part of the parcel is set-aside and regulated as permanent open space and the plan is preferable to a conventional residential subdivision. The By-law defines Open Space Residential Development as “an optional form of development of single-family dwelling subdivisions, that permits lots with lesser area and frontage than conventional development, provided there is no increase in the number of lots that would be permitted under a conventional development, as provided in Section 4.2, and the balance of the land not included in single-family building lots is set aside as permanent open space. Open space residential development is synonymous with the concept of ‘cluster’ development.” This provision promotes a “smarter” and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. Specific provisions in the By-law include:

- Minimum lot size of 12,000 square feet.
- Minimum lot frontage of 50 feet on any proposed roadway within the development, 100 feet for lots on an existing roadway, and 25 feet on any roadway where the building site is to be generally behind another site relative to the same road frontage or at least 75 feet from the front lot line.
- Set-backs may be reduced by one-half if the Planning Board determines that this reduction would result in a better overall design and improved protection of natural and scenic resources.
- The Planning Board may require that at least 10% of the open space or two acres, whichever is less, provide an informal field for group recreation or community gardens for the residents of the subdivision.
- Up to 10% of the open space may be set-aside for accessory structures or facilities necessary for the use of the open space including parking and paved pathways.
- The open space must be conveyed as permanent to the Town, a non-profit organization or land trust, or other corporation or trust formed by the owners of the residential properties. The permanent restriction must comply with the requirements of the state’s Executive Office of Energy and Environmental Affairs.
- The Planning Board can reduce the roadway requirements under conditions when at least 50% of the site is permanently restricted as open space and where these reductions will lead to better overall site design.

About 30 separate developments have used this bylaw, with clusters of housing scattered throughout the community. The Town should consider density bonuses for the integration of some amount of affordable housing into the By-law and allow some multi-family dwelling types as well.

- *Village Commercial Overlay District*³⁴ and *Harwich Center Overlay District*³⁵

³³ Harwich Zoning By-law, Section X.4 Administrative Official.

³⁴ Harwich Zoning By-law, Section X.11 Administrative Official.

The provisions for the Village Commercial Overlay District (for Harwich Port) and Harwich Center Overlay District are almost identical in language and intent and enable the development and redevelopment of these village centers to be in keeping with historic development patterns, including the size and spacing of structures and additional open space. They are also meant to be used in conjunction with other by-laws designed to encourage appropriate and consistent patterns of village development (for example, see Apartments Incidental to Commercial by-law below). The focus is to have the structures facing the street frontage portion of the property and to locate parking, septic and open space to the rear. The by-laws include dimensional requirements that foster existing development patterns.

- *Apartments Incidental to Commercial*³⁶

The Planning Board can also grant a special permit for integrating residential units into a commercial space under the following conditions:

- No less than 33% of the floor area of the building can be dedicated to commercial use.
- There must be at least 10,000 square feet of lot area per unit.
- Off-street parking with screening must comply with Section IX of the Zoning By-law.
- A landscaped public area must be provided.
- Site Plan approval is required.

In the context of good town planning and smart growth, the likely location for denser development that could provide housing for smaller households and seniors is in or near commercial areas and village centers. Mixed-use development is particularly well suited to these areas as the residential units add vitality; provide housing for small households in easy walking distance to goods, services and transportation; and reduce the amount of traffic.

The Town should consider opportunities for further promoting mixed-use development through new zoning that provides reasonable incentives while protecting the Town's interests. Housing affordability should be required and design guidelines met in return for allowing the density that will make high quality development economically feasible.

- *Elderly Affordable Housing District*³⁷

The By-law allows an Elderly Affordable Housing District if it is established as a special district which overlays an existing residential zoning district. Provisions include the following:

- Occupants must be at least 60 years of age.
- Units must be leased by a non-profit organization or governmental entity.
- Rent levels must not exceed HUD Fair Market Rents.
- Minimum parcel size of eight (8) acres.
- Minimum lot frontage, side yard and rear yard requirements of 50 feet.
- Minimum density of eight (8) units per acre of contiguous upland.
- Maximum building height of 40 feet and 2½ stories.
- One parking space per unit.

The bylaw has not been used to date. This Housing Needs Assessment documents a need for more affordable housing for seniors, particularly rental housing, and the Town might want to

³⁵ Harwich Zoning By-law, Section X.14 Administrative Official.

³⁶ Harwich Zoning By-law, Section X.12 Administrative Official.

³⁷ Harwich Zoning By-law, Section XII Elderly Affordable Housing District.

consider fine-tuning this By-law to better define affordability requirements (e.g., units must count as part of the Subsidized Housing Inventory, allow mixed-income development, allow private development, change bulk, area and height restrictions, etc.)

- *Residential Subdivision Growth Rate Limit*³⁸

The Residential Subdivision Growth Rate Limit By-law is “to ensure that the rate of development does not exceed the Town’s ability to provide at least the current level of municipal services (e.g., schools, fire and police protection, an adequate supply and distribution of clean drinking water, roadways, solid waste disposal, etc.) and maintain at least the current ratio of protected open space area per year-round resident”. The by-law therefore limits residential subdivision development to no more than 50 building permits per year and no person or persons can be granted more than 10% of this total. Such permits are issued on a first-come, first-served basis and no more than 10% of the available building permits can be issued in one calendar month. Applicants must demonstrate ownership at the time of application and for at least the prior 12 months. The By-law does importantly exempt low and moderate income housing developed by a public agency, non-profit organization or a limited dividend sponsor of affordable housing as defined under Chapter 40B. The bylaw might have had a larger impact during past growth periods, but given the economy significantly less new housing is being developed, far short of the growth limits.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adding inclusionary zoning, further modifying accessory apartment provisions, promoting mixed-use development, and better integrating affordable housing in its clustered zoning bylaw (see Section VII.B and C).

D. Local Capacity

The Town of Harwich is fortunate to have a number of local and regional housing agencies and organizations involved in providing affordable housing. The Harwich Housing Authority owns and manages 20 units of subsidized housing and is already working with the Town on managing a number of new local initiatives. The Director does the same thing in Chatham and splits her time between both entities.

The Town of Harwich also has experience in working with non-profit housing providers such as the Harwich Ecumenical Council for the Homeless (HECH), Habitat for Humanity of Cape Cod, and the Lower Cape Cod CDC. It will be important for the Town to continue to establish important partnerships with developers, for profit and non-profit, and build its capacity to promote new affordable units by aggressively reaching out for necessary technical and financial resources in addition to securing the necessary political support for new housing initiatives. Harwich is also fortunate to have a Town Planner. Nevertheless, unlike some other towns on and off the Cape, the Town does not currently have a housing professional on staff or on a consulting basis to oversee all affordable housing issues. The continued and increased use of the Housing Authority can help fill this need. The Town’s Housing Committee has continued to lobby the Board of Selectmen and Town Administrator to hire a Housing Coordinator, at least on a part-time basis.

Mitigation Measures: This Housing Plan suggests that the Town secure professional support to oversee the implementation of the Plan, most recently recommending that the Town hire a Housing Consultant on a yearly retainer to advise the Town of Harwich on housing-related matters. The Town will also continue to actively engage the Harwich Housing Authority as well as local and regional non-profit organizations

³⁸ Harwich Zoning By-law, Section XIV Residential Subdivision Growth Rate Limit By-law.

in specific housing initiatives to secure important support in the implementation of this Plan (see strategy VII.A.2 and C.2).

E. School Enrollment

While the overall population increased by 38% between 1980 and 2000, those under the age of 18 only increased by 13%, growing by only 264 children and representing a decreasing portion of the population – from 22.3% in 1980 to 18.3% in 2000. It is interesting to note that the number of children below 18 years actually decreased by 50 between 1980 and 1990 despite a 14.5% increase in the overall population suggesting that some families likely left during a time when individuals or households without children arrived.

At this point the school district is not encountering any capacity-related problems. While there is a current bubble of students entering Middle School, current facilities are adequate to cover the need.

Build-out projections prepared by the state in 2000 indicate that the school age population might increase by about another 525 children, which would likely tax the school system. These projections are based on assumptions related to how much can be built on developable property under existing zoning without any reference to when buildout might occur. This trend of decreasing school enrollments is happening in most communities on Cape Cod, particularly those in the Mid to Lower Cape area. Many people with children have moved away due to the high cost of living, lack of jobs, etc., and others are sending their kids to charter schools and private schools in the area.

Historic enrollment data is included in Table IV-1, demonstrating slow declines over the years, but a more significant drop during the last year.

Table V-1
Historic School Enrollments for the Harwich School District
Pre-Kindergarten Through 12th Grade
1998-99 Through 2008-09

Year	Total Enrollment	Difference	% Difference
1998-99	1,544	--	--
1999-00	1,580	+36	+2.3
2000-01	1,566	-14	-0.9
2001-02	1,527	-39	-2.5
2002-03	1,511	-16	-1.0
2003-04	1,525	+14	+0.9
2004-05	1,484	-41	-2.7
2005-06	1,451	-33	-2.2
2006-07	1,404	-47	-3.2
2007-08	1,360	-44	-3.1
2008-09	1,228	-132	-9.7

Source: New England School Development Council, February 3, 2009.

Projections of school enrollments through to the 2018-2019 school year from the New England School Development Council are presented in Table IV-2, showing continued slow but steady declines from year to year. Clearly, school capacity issues should not be a problem when considering additional development.

Table IV-2
Projected School Enrollments for the Harwich School District
Pre-Kindergarten Through 12th Grade
2008-09 Through 2018-19

Year	Total Enrollment	Difference	% Difference
2008-09	1,228	-132	-9.7
2009-10	1,165	-63	-5.1
2010-11	1,115	-50	-4.3
2011-12	1,078	-37	-3.3
2012-13	1,054	-24	-2.2
2013-14	1,029	25	-2.4
2014-15	1,009	-20	-1.9
2015-16	997	-12	-1.2
2016-17	988	-9	-0.9
2017-18	983	-5	-0.5
2018-19	976	-7	-0.7

Source: New England School Development Council, February 3, 2009.

Mitigation Measures

This Housing Production Plan recognizes the need for a wider range of affordable housing options in Harwich, including first-time homebuyer opportunities for young families. It is likely that this new development will not have a significant impact on school capacity, particularly in light of current and projected declining enrollments. Moreover, 85% of the units included in long-term production goals focus on small one- or two-bedroom units that are not conducive to large families and lots of children.

F. Public Transportation

Like most of Cape Cod, Harwich encounters significant problems with traffic congestion, particularly in the summer months when the population doubles in size. Starting in June 2006, a new transportation system was introduced, called Flex-Route, which provides bus service throughout the Outer Cape including Harwich. Those living within a half mile of the route can call the service to arrange pick-up. Twelve buses were purchased through a federal grant obtained by the National Seashore and all participating towns pay the operating expenses, with some support from passengers via a token system. It should also be noted that Harwich's Council on Aging offers free transportation to area seniors, thus promoting independent living for this part of the population. Nevertheless, public transit remains limited and largely requires residents to have access to automobiles, further increasing the cost of living in Harwich and presenting a barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car.

Mitigation Measures: The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in appropriate locations that has the potential for reducing the reliance on the automobile (see Section VII.B.3 for details). Opportunities to direct development to areas that are most conducive to higher densities, such as village centers and commercial corridors, may serve to reduce transportation problems somewhat.

G. Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance, have suffered budget cuts over the years making funding more limited and extremely

competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. Community Preservation funding offers Harwich an important resource for affordable housing production and HOME funding from the Barnstable County HOME Consortium is also an important and flexible resource (see Section III.E for more information on the use of CPA and HOME funds in Harwich). Nonetheless, the Town will continue to need substantial support from regional, state and federal resources as well.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation Funds and its special Affordable Housing Fund for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources. Moreover, like other communities on Cape Cod, Harwich has access to federal HOME subsidies, administered by the Barnstable County HOME Consortium. In an effort to better manage and coordinate funding for affordable housing purposes, this Plan recommends that the Town contract with a housing professional (see Section VII.A.2 for details).

H. Community Perceptions

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, with such high real estate prices, community perceptions have been tilting towards the realization that workforce housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. Housing for seasonal workers is also a serious concern of local employers. It is this growing awareness that is spurring communities such as Harwich to take a more proactive stance in supporting affordable housing initiatives.

Mitigation Measures: Harwich proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section VII.A.1). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input. Moreover, this Plan proposes that the Town hold at least annual housing summits to provide opportunities for local leaders to share information about the status of affordable housing initiatives to better promote municipal communication and cooperation in the implementation of various strategies as well as for local leaders to obtain ongoing training related to affordable housing.

V. PROPERTY INVENTORY

The major thrust of Harwich's housing agenda has been the identification of Town-owned properties that are suitable for some amount of affordable housing and approval by Town Meeting for development through various initiatives. The Harwich Housing Committee has been instrumental in sponsoring the use of these parcels and securing necessary funding from the Town's Affordable Housing Fund or Community Preservation funding to help make development feasible.

A. Publicly Owned Properties

Table V-1 lists Town-owned properties that are planned for affordable housing development. The properties for the American Dream II and one to be sold were approved at Harwich's Special Town Meeting in May 2009 as separate Articles, sponsored by the Harwich Housing Committee. The Housing Committee is working with other Town Boards and Committees on planning for the Home Sweet Home parcels.

**Table V-1
Publicly-owned Properties with Potential for Affordable Housing Development**

Parcels	Map #/ Parcel #	Total Parcel Acres/	Estimated # Affordable Housing Units	Comments
759 Queen Anne Road	72/L262	.23 acres	1	Identified for conveyance to Town's American Dream II Program
215 Pleasant Bay Road	113/X5	.61 acres	1	Identified for conveyance to Town's American Dream II Program
138 Depot Road	53/F15	.17 acres	1	Identified for conveyance to Town's American Dream II Program
5 Dexter Road*	49/X1-4	.31 acres	2	Identified for conveyance to Town's American Dream II Program
3 Dexter Road*	49/X-6	.29 acres		Identified for conveyance to Town's American Dream II Program
Chatham Road	34/E6	.28 acres	0	Landlocked and approved to be sold, proceeds to Affordable Housing Fund
Depot Road	63/J1	1.41 acres	33 homes/ 99 bedrooms	Identified for conveyance to the Home Sweet Home Program
Orleans Road	63/J2	4.59 acres		Identified for conveyance to the Home Sweet Home Program
Depot Road	63/J3	17.35 acres		Identified for conveyance to the Home Sweet Home Program
Middle Road	63/J4	2.70 acres		Identified for conveyance to the Home Sweet Home Program
Depot Road	63/J6	2.06 acres		Identified for conveyance to the Home Sweet Home Program

* Combine into one (1) lot.

The properties included in Table V-1 fall into the following three (3) programmatic categories:

1. *American Dream II*

These lots will allow the Town of Harwich to continue its current American Dream I Program, which provides ownership opportunities for first-time homebuyers. The Board of Selectmen approved funding for this Program from the Affordable Housing Fund on December 15, 2008. (See Section III.B.4 for more information on this initiative.)

2. *Sell Land*

Town Meeting authorized the Board of Selectmen to sell a landlocked parcel of land on Chatham Road with the understanding that the proceeds of this sale would go to the Town's Affordable Housing Fund and be used to support local affordable housing initiatives.

3. *Home Sweet Home*

This is a new program involving the development of multiple homes in a cluster development similar to the Community Way Project that was completed in 1991, which produced seven (7) new homes through the state's Homeownership Opportunity Program (HOP). The Housing Committee will be seeking additional funding from the Affordable Housing Fund to assist the Committee in the development of appropriate layout concepts and is working closely with other Town boards and committees on fleshing-out more of the details for this project.

In addition to currently owned Town parcels, the Town of Harwich may decide to acquire privately owned sites at some time in the future for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Additional smaller sites may be available as well to build affordable new starter homes on an infill basis. Some opportunities may also be available through the taking of tax-foreclosed properties for affordable housing, and in fact the Harwich *Housing Committee has tentatively identified over 28 parcels with seven (7) years tax delinquency that possibly could be acquired*. All of these parcels are on existing roads and scattered throughout the community.

B. Private Properties

Continuing to work cooperatively with private developers, non-profit and for profit, is a major component of this Housing Production Plan, and the Town already has a good track record for working with developers on affordable housing, non-profit developers in particular. The Town will partner with developers to pursue "friendly" comprehensive permit applications or the standard regulatory process for affordable housing development, and determine the best approach for negotiating with developers to guide new development to best satisfy local needs and requirements.

Moreover, the Housing Committee should continue to encourage private donations of property that provide the donors and the community as a whole with both social and economic benefits. The donors benefit through the positive attention they receive from local leaders and the public in acknowledging their gifts and can benefit economically from tax advantages. The community obtains a discounted price for a property that can be developed for affordable housing as well as actual new units for those who are experiencing difficulties living and likely working in town. The Housing Committee has begun to reach out to residents to promote donations of funding and property through personal notes to abutters of parcels slated for affordable housing development, requesting their consideration of possible land donations to expand project sites.

Additionally, the Town should become alert to opportunities for acquiring property that would be suitable for some amount of affordable housing. Ideally such properties would meet a number of smart growth principals such as:

- The redevelopment of existing structures,
- Infill site development including small home development as starter housing,
- Development of housing in underutilized locations with some existing infrastructure,
- Parcels large enough to accommodate clustered housing,
- Mixed-use properties in village areas or along commercial corridors;
- Good carrying capacity for water and septic systems or can accommodate special treatment facilities,
- Buffer between adjacent properties, and
- Located along a major road.

The Town is embarking on a Buy-down Program that will enable the Housing Authority to purchase existing housing units and turn them over to qualifying first-time buyers with deed restrictions that require the units to remain affordable in perpetuity. The Town has provided an initial funding allocation of \$280,000 towards this new purchase-resale initiative.

VI. AFFORDABLE HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) administered the Planned Production Program since December 2002, in accordance with regulations that have enabled cities and towns to prepare and adopt a Housing Plan that demonstrated the production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.³⁹ If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny comprehensive permit applications for one or two-years, respectively.⁴⁰

Recently adopted changes to Chapter 40B have established some new rules.⁴¹ For example, Planned Production Plans are now referred to as Housing Production Plans. Moreover, annual goals changed from 0.75% of the community's year-round housing stock, translating into 33 units per year or 66 units over two years for Harwich, to 0.50% of its year-round units, meaning that Harwich will have to now produce at least 29 affordable units annually to meet production goals through 2010. Despite considerable progress towards promoting affordable housing in recent years, it will still be a substantial challenge for Harwich to meet the prescribed annual affordable housing production goal of 29 units or a total of approximately 58 bedrooms. This goal is likely to increase to about 34 units (or approximately 68 bedrooms) after the next decennial census count becomes available and housing growth will continue to drive-up the 10% goal.

Using the strategies summarized under Section VII and priority needs established in Section III.E, the Town of Harwich has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income – the **affordable units** – and at least another 10% affordable to those earning up to 120% of area median income – **moderate-income “workforce” units** – depending on project feasibility. The rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements. It should also be noted that the Town can provide CPA assistance to subsidize units for those earning between 80% and 100% of area median income, commonly referred to as **“community housing” units**.

³⁹ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

⁴⁰ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

⁴¹ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

- Projections are based on no fewer than four (4) units per acre, averaging about eight (8) total bedrooms. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the Affordable Housing Fund or CPA where appropriate.
- The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section III.C) where about two-thirds of the units are directed to rentals. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

The Housing Committee has also tentatively identified over 28 parcels with seven (7) years tax delinquency that possibly could be acquired for the development of affordable housing, which should boost production as well.

**Table VI-1
Harwich Housing Production Program**

Strategies by Year	Units < 80% AMI	Units 80%-120% AMI	Total # units
Year 1 – 2010			
American Dream I/first-time buyer	4		4
West Harwich/rental*	20		20
Old Rec Building/rental*	17		17
Accessory apartments		4	4
<i>Subtotal</i>	<i>41</i>	<i>4</i>	<i>45</i>
Year 2 – 2011			
Portuguese Men’s Club/rental*	40		40
Accessory apartments		4	4
Buy-down Program/homeownership	6		6
American Dream II/first-time buyer	4		4
Private development/”friendly” 40B rental	16	0	16
Development of Town-owned, tax-foreclosed properties (ownership)	2	0	2
<i>Subtotal</i>	<i>68</i>	<i>4</i>	<i>72</i>
Year 3 – 2012			
Covered under Year 2			
<i>Subtotal</i>			
Year 4 – 2013			
Second Story Program/rental	4	0	4
Home Sweet Home *	33		33
Accessory apartments		4	4
<i>Subtotal</i>	<i>37</i>	<i>4</i>	<i>41</i>
Year 5 – 2014			
”Friendly” 40B/private development – rental for seniors with supportive service (perhaps some Town-owned land for Pine Oaks IV*)	20		20
Group home/special needs	4		4
American Dream III/first-time homebuyer	4		4
Buy-down Program	6		6
Accessory apartments		4	4
<i>Subtotal</i>	<i>34</i>	<i>4</i>	<i>38</i>
Total	180 (about 360 bedrooms)	16 (about 16 bedrooms)	196 (about 392 bedrooms)

Total = 180 affordable units (for those earning at or below 80% of area median income), 16 “community housing” or “workforce housing” units (for those earning between 80% and 100% or 120% of area median), and a total projected number of housing units created of 196 units.

* Will involve a “friendly” 40B process.

VII. HOUSING STRATEGIES

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning Reform, Housing Production and Housing Preservation and Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. A summary of these actions is included in Appendix 2.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:⁴²

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
 - Promote affordable housing in mixed-use development (see strategy VII.B.3)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Continue to make suitable public land available for affordable housing (see strategy VII.C.1)
 - Promote affordable housing in mixed-use development (see strategy VII.C.1)
 - Continue to partner with private developers (see strategy VII.C.2)
 - See “friendly” 40B projects listed in production goals (Section VI)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Update local LIP regulations and procedures (see strategy VII.B.5)
 - Adopt inclusionary zoning (see strategy VII.B.2)
 - Integrate affordable housing in the Open Space Residential Bylaw (see strategy VII.B.1)
 - Convert existing housing to affordability (see strategy VII.C.3)
 - Modify accessory apartment bylaw and continue to promote accessory apartments (strategies VII.B.4 and VII.C.4)
 - As indicated in strategy VII.C.2, the Town should continue to work with developers to create affordable housing in line with smart growth principles including:
 - Mixed-use development in appropriate locations,
 - Redevelopment of nonresidential properties into housing,
 - Smaller infill housing in existing neighborhoods, and
 - Cluster development.
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Continue to make suitable public land available for affordable housing (see strategy VII.C.1)
- *Participation in regional collaborations addressing housing development*
 - Participate in Barnstable County HOME Consortium (see strategy VII.D.2)

⁴² Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Promote homebuyer counseling and other homebuyer services (see strategies VII.D.2)
- Additionally, the Town of Harwich, jointly with the Town of Dennis, was recently awarded federal Community Development Block Grant (CDBG) funding to support the rehabilitation of at least a dozen properties owned or rented by low- or moderate-income residents (earning at or within 80% of area median income) in the Harwich Center area. The funding, which totals almost \$1 million to be split between the two towns, comes from HUD but is administered by the state's Department of Housing and Community Development (DHCD). The community development consultant, Bailey Boyd Associates, prepared the grant application for the funding and is also coordinating program implementation. An application for additional funding has been submitted with a possible award in the fall of 2009.

It will be important to also insure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. In addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are being developed through some local action including:

- Zoning-based approval, particularly inclusionary zoning provisions and special permits for affordable housing;
- Substantial financial assistance from funds raised, appropriated or administered by the city or town; and/or
- Provision of land or buildings that are owned or acquired by the city or town and conveyed at a substantial discount from their fair market value.

In order to be counted as part of the Subsidized Housing Inventory the units must meet the following criteria:

- A result of municipal action or approval;
- Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;
- Sales prices and rents must be affordable to households earning at or below 80% of area median income; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Additionally, a Subsidized Housing Inventory New Units Request Form must be submitted to DHCD to insure that these units get counted.

Some of the important tasks for insuring that the affordable units, now referred to as Local Action Units (LAU's), meet the requirements of Chapter 40B/LIP include:

- Meet with the developer to discuss requirements for insuring that the unit(s) meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Contact DHCD to discuss the project and determine the purchase price or rents based on LIP Guidelines.
- Prepare a LIP Local Action Units application submitted by the municipality (chief elected official), including an Affirmative Fair Housing Marketing Plan, working with the developer.

- Execute a regulatory agreement to further insure long-term affordability between the developer, municipality and DHCD.
- Implement the Marketing Plan.
- Hold at least one information session about the lottery.
- Approve applicants for eligibility in the lottery.
- Prepare a letter to those eligible for inclusion in the lottery and another to those who do not qualify.
- Conduct the lottery.⁴³
- Work with winning applicants and lenders to secure mortgage commitments for ownership projects.
- Obtain the deed rider and resale price certificate from DHCD that requires the loan commitment letters, purchase and sale agreements, and contact info for the closing attorneys for ownership projects.
- Work with lenders and the developer to close on the units for ownership projects.
- Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory.
- Annually recertify the continued eligibility of affordable units.

The Town needs to designate a municipal employee or a consultant to coordinate this work (see strategy VII.A.2). Associated administrative costs should come from the project budget and could also be covered by Community Preservation funding or the Affordable Housing Fund. The affordability restrictions for all units produced through the Local Initiative Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

It should be noted however, that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve local needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments or housing for those earning between 80% and 120% of area median income or mixed-income housing that includes "community housing" or "workforce housing" units).

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section II of this Plan, the following housing strategies are offered for consideration. ***It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.*** Moreover, the proposed actions present opportunities to judiciously invest funding from the Affordable Housing Fund or CPA to subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, modify or create new local zoning provisions and development policies, help preserve the existing affordable housing stock, and build local capacity.

A. Capacity Building Strategies

As noted in the Housing Needs Assessment, the Town of Harwich has made considerable progress in producing affordable housing during the past few years, bringing the number of affordable units from 261 to 316, with other units in the pipeline which should lead to the Town having at least 7.0% of its year-

⁴³ Up to 70% of the affordable units in most developments can be reserved for those who have a connection to the community as defined by Section C of the state's Affirmative Fair Housing Marketing Plan guidelines, dated June 25, 2008.

round housing stock defined as affordable under state guidelines within the next several years. This level of activity was spurred by partnerships created between the Town and developers including the support of a capable Housing Authority and an active Housing Committee. Key components to building on the substantial progress that has been accomplished to date and bolstering local capacity include:

- ***Plan***

The Town adopted a brief Housing Strategy at its Special Town Meeting on May 6, 2003. The first recommendation was to adopt a plan and strategy with concrete production goals. During 2008 the Town prepared a Housing Needs Assessment and this Housing Production Plan represents the culmination of the 2003 recommendation. The Plan will provide the necessary blueprint for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. The Plan will also provide important guidance on how to invest funding from the Affordable Housing Fund and CPA for housing and be helpful in making Harwich more competitive for state discretionary funding under the Commonwealth Capital Program (see strategy VII.A.3 for more information on this program). The Plan will provide the Town with a comprehensive resource on housing issues in Harwich that can be readily updated as necessary.

- ***Dedicated Municipal Oversight***

Harwich has created a viable organizational structure to implement the Housing Production Plan. The Town has an active Housing Committee and Housing Authority to promote affordable housing issues and development. Moreover, the Community Preservation Committee (CPC) has been very supportive of affordable housing initiatives and is involved in the preparation of this Housing Production Plan, participating in the planning process and providing funding support. It will be incumbent on the Town to continue to foster coordination among these parties towards the implementation of the Housing Plan, securing support from other important boards and committees as well including the Planning Board, Zoning Board of Appeals and Board of Selectmen.

- ***Housing Fund***

The second recommendation in the 2003 Housing Strategy was to “establish a local fund for affordable housing for the receipt of cash contributions, state and private grants, and local funds dedicated to affordable housing”. The Town has created this special fund, its Affordable Housing Fund, and has capitalized it through a number of sources including the sale of Town-owned land that has resulted in sales proceeds totaling more than \$1.6 million (Great Western I = +/- \$113,000, Great Western II = +/- \$1,465,000, and miscellaneous parcels = +/- \$34,000) as well as revenue from a cell tower lease amounting to \$140,000 to date (+/- \$40,000 per year to 2027). Therefore, in addition to CPA funding, Harwich is fortunate to have a separate local Fund that is available to support affordable housing initiatives. (Information on funding for affordable housing is presented in Appendix 2)

- ***Professional Support***

In order to oversee the implementation of the Housing Plan, the Town of Harwich will need ongoing professional help. The Town is fortunate to have a capable Housing Authority that in addition to owning and managing 20 units of publicly-assisted housing, has been engaged by the Town to administer a number of special initiatives including a Rental Assistance Revolving Loan Program, the American Dream I and II Programs (involving new home construction on Town-owned lots scattered throughout Harwich), and Main Street Extension Project in coordination with the Community Development Partnership (formerly called the Lower Cape Cod Community Development Corporation). While the Housing Authority has been responsible for insuring that

its new units meet all state requirements and are eligible for inclusion in the Subsidized Housing Inventory, it will be important for the Town to identify a municipal staff person who will be responsible for coordinating this work for other affordable units, hire the Housing Authority to conduct this work on a broadened professional services contract, or bring on a consultant (see strategy VII.A.2). Consultants are also likely to be needed to offer specialized expertise and to further supplement existing staff resources.

- ***Comprehensive Permit Guidelines***

The Town of Harwich adopted “Regulations and Procedures for Accepting Comprehensive Permit Applications Under the Local Initiative Program (LIP)” in May 2000. These guidelines included a list of qualifications for use in determining, at least initially, the acceptability of a project for support from the Board of Selectmen in a “friendly” 40B project. This document has been of some use, but should be revisited to make it more consistent with current needs, priorities, resources and market conditions as well as state comprehensive permit regulations and guidelines.

- ***Partnerships***

The successful implementation of this Housing Production Plan will require continued access to a wide range of resources – financial and technical – as well as maintaining important partnerships with a range of organizations, funding agencies, developers and lenders on new initiatives. Over the past few years Harwich has relied on the following organizations for a significant amount of its housing production activity:

**Table VII-1
Affordable Housing Activity in Partnership with Non-Profit
Organizations or Agencies**

Organization	Completed Units to Date	Units in Conceptual Phase, Planning or Development
Harwich Housing Authority	20	12 with CDP and another 4 with American Dream I and II; planning for buy-down program too
Harwich Ecumenical Council for the Homeless (HECH)	18 (Sisson Road, Driftwood Lane, Uncle Willis Lane)	30 (West Harwich and South Harwich projects)
Habitat for Humanity of Cape Cod	1 (Cedar Lane)	13 (Gomes Way)
Lower Cape Cod CDC (renamed recently to the Community Development Partnership)	12 (Little Homesteads and Robert Lane)	40 and another 12 with the Housing Authority
Mid-Cape Church Homes	163 (Pine Oaks 1,2 and 3)	Pine Oaks IV

The Town should continue to foster these partnerships and reach out to other developers as well via Requests for Proposals.

- ***Local Leadership and Community Support***

Last but not least, communities that have made considerable progress in producing affordable housing, like Harwich, typically have leaders who are willing to advocate for new housing initiatives and residents who are sympathetic to the importance of diversifying the local housing

stock. Because most of the housing strategies rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Strategic efforts to better inform key officials and residents on the issue of affordable housing and specific new initiatives to build local support will help generate a greater understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes. These opportunities will also help the Town obtain useful feedback on its housing agenda (see strategy VII.A.1).

Specific actions to help build local capacity to meet local housing needs and production goals are detailed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda and build local support for new affordable housing initiatives.

1. Conduct Ongoing Community Education

Current Status: Affordable housing has become a more visible issue in Harwich, largely as a result of the level of activity that is being conducted by the Town through various developments and initiatives as well as high housing prices despite a recently troubled housing market. In October 2008, the Harwich Housing Committee presented the results of its Housing Needs Assessment (see Section III of this Plan) to the Harwich Board of Selectmen that was carried on the local cable network that highlighted the current gaps between the supply of housing and local needs. Also, members of the Housing Committee appear on local cable access Channel 18 on a quarterly basis to provide updates on housing activities.

Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to continue to dispel myths and misinformation and help galvanize local support, political and financial, for new affordable housing production. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions.

Next Steps: The presentation of this Housing Production Plan offers an opportunity to bring attention to the issue of affordable housing, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. Other education opportunities should be pursued such as:

- *Forums on specific new initiatives*

As the Town develops new housing initiatives, the sponsoring entity should hold community meetings to insure a broad and transparent presentation on these efforts to other local leaders and residents, providing important information on what is being proposed and opportunities for feedback before local approvals are requested.

- *Annual housing summits*

Most communities lack an effective mechanism for promoting regular communication among relevant Town boards and committees on issues related to affordable housing. This coordination is particularly important in Harwich where housing-related responsibilities are shared among a number of local entities including the Housing Committee, Board of Selectmen for the Affordable Housing Fund, Housing Authority, Community Preservation Committee, ZBA and Planning Board. Having a forum to share information on current housing issues would help foster greater communication and coordination among these entities. Additionally, inviting community residents can help build community interest, improve communication and garner support. Many communities are sponsoring such events, at least on an annual basis. For example, Truro organized a panel discussion on housing issues, inviting representatives of other towns on the Cape and organizations involved in affordable housing. Yarmouth held a spaghetti dinner and offered an update on their affordable housing initiatives with opportunities for feedback from local leaders and the public.

- *Public information on existing programs and services*
The Town should get the word out about existing programs and services that support homeownership, property improvements or help reduce the risk of foreclosure including first-time homebuyer and foreclosure prevention counseling from HAC and the Community Development Partnership. The continued quarterly appearances of Housing Committee members on local Channel 18 will also be very helpful in keeping residents updated on the town's progress and new efforts. The Town, through the Housing Committee, might also consider reaching out to residents and request funding or property donations to support existing and future affordable housing projects, explaining the tax advantages involved in such contributions.
- *Educational opportunities for board and committee members*
Local boards such as the Community Preservation Committee, Housing Committee, Zoning Board of Appeals, Planning Board and other interested local leaders, as well as members of the Harwich Housing Authority, should be able to receive ongoing training on affordable housing issues. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation regarding their responsibilities. Moreover, requirements keep changing and local leaders must keep up-to-date. Funding for the professional development of staff, including the Town Planner and any designated housing professional (see strategy VII.A.2), Assistant Town Administrator, etc. would also help keep key professionals informed and up-to-date on important new developments, best practices and regulations.

The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership conducts at least annually the Massachusetts Housing Institute, which is "an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices". Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition, also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural "how to" booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

Timeframe: Years 1-2

Responsible Party: Harwich Housing Committee

Resources Required: Volunteer time of members of the Housing Committee to track training opportunities and inform appropriate local leaders. Attendance fees could be paid through the Affordable Housing Fund or Community Preservation Fund when required, the total costs potentially ranging from \$2,000 to \$4,000 annually.

2. *Secure Sufficient Professional Oversight*

Current Status: The Town of Harwich has been fortunate to have a capable Housing Authority that has been in expanding its mission beyond the ownership and management of publicly assisted housing. The Town has established a strong working partnership with the Housing Authority, contracting with the Authority to administer programs including the Renters Revolving Loan Fund, American Dream I and II, and the new Buy-down Program. Services have included marketing and lotteries for affordable units and insuring that affordable units get counted as part of the Subsidized Housing Inventory.

DHCD guidelines require that each community have a “local project administrator” who is responsible for overseeing any efforts related to counting accessory apartments as affordable and requires towns to monitor affordability of SHI units or designate this task. Most communities designate some staff person or entity to do this work, if applicable, and communities have accomplished this in different ways. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and has hired consultants over the past several years. The Town of Grafton has an Assistant Planner on board to assume many of these housing-related functions based on initial guidance from a housing consultant. The Towns of Wellfleet and Eastham are sharing a person in this position. Weston supports a housing position with a combination of CPA and other Town revenues. Bourne and Sudbury have used CPA funds to hire a part-time Affordable Housing Specialist.

Next Steps: The Town should determine how best to insure that it has adequate oversight to monitor affordability and insure that all affordable units are counted as part of the SHI and continue to meet all state requirements. Additionally, the town could use some professional support in its review of proposals that involve the development of affordable housing. The Harwich Housing Committee has requested that the Town hire a Housing Consultant on a yearly retainer basis.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen with input from the Housing Committee

Resources Required: Some time from an identified municipal staff person or consultant or a fee for additional professional services to the Harwich Housing Authority for a designated scope of services, the cost of which would vary depending upon the required tasks.

3. *Continue to Apply for a Commonwealth Capital Score to Secure Funding from State Capital Spending Programs*

Current Status: The state established Commonwealth Capital as a policy that encourages communities to implement smart growth measures by making municipal land use regulations more consistent with smart growth principles. The state uses these reforms as part of the evaluation of proposals for state funding under a number of state capital spending programs related to economic development, the environment, transportation and infrastructure as well as housing. Municipalities have been scored based on what progress has been made in bringing local regulations, policies and land use-related initiatives into greater compliance with smart growth principals. This program is summarized in more detail in Appendix 3.

While the future of Commonwealth Capital was in doubt during the transition from the Romney to Patrick administrations, particularly when the Office of Commonwealth Development that administered the program was disbanded, the state has maintained the basic principles of Commonwealth Capital. In fact the changes for fiscal year 2008 were quite modest that included an altered list of discretionary state programs to which the policy applies. More recently the state made more substantive changes that are summarized in Appendix 3. It is important to note that

the completion of this Housing Plan would result in a higher score as would many of the strategies included in this Plan such as:

- Zoning for mixed-use development
- Modifying the accessory apartment bylaw
- Zoning for more flexible, cluster development
- Inclusionary zoning
- Attainment of Housing Production certification (meeting annual production goal)
- Production of housing units on municipally owned land or with municipal funding
- Where 66% or more of new units produced is through mixed-use development (including 40R and TOD), cluster development, multi-family housing, single-family development on ¼ acre lots, and/or conversion or redevelopment activities.

The Town has submitted Commonwealth Capital applications in the past and based on considerable progress with respect to affordable housing production and this planning process, anticipates improved scores in the future.

Next Steps: With staff support from the Town Planner or other designated municipal official, the Board of Selectmen should continue to prepare and submit the scoring application under Commonwealth Capital prior to applying for any of the state's capital spending programs or as required.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen

Resources Required: Will require staff time from the Town Planner or other municipal staff person to prepare the application for scoring under Commonwealth Capital.

B. Zoning and Planning Strategies

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and better guide new development to specific "smarter" locations.

The Zoning Bylaw includes a minimum lot requirement of at least 40,000 square feet as well as frontage, setback and other requirements that are not typically conducive to affordable housing. This creates the likely need for regulatory relief for most residential development that includes affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning if not through normal regulatory channels. Additionally, the Zoning Bylaw incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable unit production and should be revisited and revised as necessary (see Section IV.B).

The Town of Harwich should consider the following zoning-related strategies to promote the creation of additional affordable units and to better direct new development and begin planning for the possible development of affordable seasonal units for workers. These actions can be considered as tools that the Town will have available to promote new housing opportunities, each applied to particular circumstances and providing a powerful group of resources when available in combination. (Units created through the use of these bylaws are counted as part of housing production strategies included in Section VII.C.)

1. *Integrate Affordable Housing into the Open Space Residential Development Bylaw*

Current Status: Harwich's Zoning Bylaw includes an Open Space Residential Development that requires part of the development parcel be set-aside and regulated as permanent open space when such plan is preferable to a conventional residential subdivision. This provision promotes a "smarter" and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. About 30 separate developments have used this bylaw, with clusters of housing scattered throughout the community. The bylaw does not include any requirements or incentives for including affordable housing.

Next Steps: The Town should consider density bonuses for the integration of some amount of affordable housing into the By-law and allow some multi-family dwelling types as well. More incentivized density bonuses and affordability requirements should encourage mixed-income development and support project feasibility. Associated design guidelines and review as well as inclusionary requirements can insure that goals are met in ways appropriate and beneficial to the Town.

The Planning Board should review model bylaws and tweak the existing bylaw. Model bylaws have been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, and adopted by a number of Massachusetts communities. Several examples are offered on the Citizen Planner Training Collaborative website (www.umass.edu/masscptc/examplebylaws.html) and the state's Smart Growth Toolkit (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html).

Timeframe: Years 1-2

Responsible Party: Planning Board

Resources Required: The Planning Board should coordinate this effort with other appropriate local officials, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also likely to require the professional support from the Town Planner with input potentially from a consultant.

2. *Adopt Inclusionary Zoning*

Current Status: Inclusionary zoning, not currently included in Harwich's Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This mechanism has been adopted by more than one-third of the communities in the state to insure that any new development project over a certain size includes a set-aside in numbers of affordable units or funding from the developer to support the creation of affordable housing. This bylaw applies to development that typically meets local zoning requirements, but most communities have determined it appropriate to incorporate density bonuses in their inclusionary bylaw. Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to 20% and density bonuses⁴⁴. Some also allow the development of affordable units off-site and/or cash in lieu of actual units.

Next Steps: There are a variety of bylaws that have been adopted in localities throughout the state but requirements vary considerably. The Executive Office of Environment and Energy's Smart Growth Toolkit includes a model inclusionary zoning bylaw that highlights key local decisions and makes some

⁴⁴ Density bonuses allow increased densities beyond what is allowed under the Zoning Bylaw.

commentary for consideration throughout (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html). The Citizen Planner Training Collaborative's website has a model bylaw with commentary and some policies as well (www.umass.edu/masscptc/examplebylaws.html).

The Harwich Planning Board should explore models and prepare a zoning amendment that is best suited to supporting affordable housing in Harwich. The Planning Board should prepare, adopt and present the bylaw to Town Meeting for adoption. Ideally the adoption of this bylaw would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize Harwich's Affordable Housing Fund.

Timeframe: Years 3-5

Responsible Party: Planning Board

Resources Required: The research and preparation of the bylaw could be performed by the Town Planner, potentially with input from a consultant. If the Town decided to hire a consultant, the fee should not be more than \$5,000 and could be covered by CPA funds, the Affordable Housing Fund, Cape Cod Commission's Technical Assistance Program (TAP), or state technical assistance funding such as DHCD's Priority Development Fund or the Executive Office of Energy and Environmental Affairs (EOEA) Smart Growth TA Program.

It will be important to also insure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing subsidy is not used. The major tasks for insuring that the affordable units, referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized at the introduction to this section. Some professional oversight is required (see strategy VII.A.2), the costs to be budgeted as part of the project. The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however towns also have a role in the monitoring process.

3. *Promote Affordable Housing in Mixed-Use Development*

Current Status: Harwich's Zoning Bylaw allows mixed-use development through its Village Commercial Overlay District (for Harwich Port) and Harwich Center Overlay District, both of which are meant to be used in conjunction with other by-laws designed to encourage appropriate and consistent patterns of village development such as the Apartments Incidental to Commercial by-law (see Section IV), including mixed-use development with housing above commercial space. The focus is to have the structures facing the street frontage portion of the property and to locate parking, septic and open space to the rear. The by-laws include dimensional requirements that foster existing development patterns. At this point the bylaw does not require or provide any incentives for including some housing affordability.

Next Steps: The Planning Board should explore bylaws for promoting mixed-use development in all villages that incorporates some housing affordability and prepare a zoning amendment that best meets Harwich's needs, which would be submitted to Town Meeting for approval. Housing affordability should be required and design guidelines met in return for allowing the density that will make high quality development economically feasible.

There are bylaws that have been adopted in other communities that offer models on how to integrate housing, including affordable housing, in town or village centers and other commercial areas. The Town of Yarmouth recently passed a Village Center Bylaw that would be worth reviewing, and the Metropolitan Area Planning Council (MAPC) has prepared a report entitled, "Mixed Use Zoning: A Planner's Guide" that can be referenced. Additionally, the Citizen Planner Training Collaborative offers

several models including one adopted by the Town of Dennis. The establishment of Smart Growth Zoning Overlay District under the state's 40R and 40S provisions may also be helpful in promoting the feasibility of mixed-use development (40R/40S are described in Appendix 3). It should be noted that the Town's lack of sewer services significantly constrains density unless special treatment facilities are available. At some point in the future the Town might consider adding sewer services to its village centers to better promote the vitality of these areas and follow "smart growth" principles.

Another option would be to develop policy and design guidelines on mixed-use development and process acceptable mixed-use development projects through the "friendly" 40B process as established under the state's Local Initiative Program (LIP).

It is important to note, however, that the Town is providing funding as an incentive for business owners in Harwich Port to create second story apartments above their businesses. The Second Story Program is directed to the Harwich Port Business District where under current zoning business owners who have second floor expansion capacity can add an affordable rental unit above their business. The Program provides funds for feasibility studies. If it turns out that a unit cannot be produced, the funding becomes a grant, however, if the owner can and is willing to pursue the creation of the unit, the funding becomes a loan.

Timeframe: Years 3-5

Responsible Party: Planning Board

Resources Required: This strategy will require staff time from the Town Planner with potential input from a consultant. The Town is contracting with the Housing Authority to implement the Second Story Program mentioned above.

4. *Modify Accessory Apartment Bylaw*

Current Status: The Zoning By-law allows accessory apartments in single-family homes by special permit in a number of zoning districts and 75 such units have been approved through 2008. While none of these units are eligible for counting as part of the Subsidized Housing Inventory, the bylaw includes a section to certify affordable accessory apartments that has not been used to date, largely because it requires a deed restriction. Moreover, tenants must now be chosen through a pre-approved list of renters and family members are not eligible based on recent changes in state requirements.

Next Steps: Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing dwellings or lots, the Town might consider amending the By-law to better promote such units even if they are not eligible for inclusion in the Subsidized Housing Inventory. For example, the bylaw should allow accessory units in additions or detached structures as is allowed in many communities as well as amnesty provisions for those units without the requisite permits. The bylaw might also consider provisions for allowing existing accessory apartments that do not have the necessary permits to receive a special permit as well as allowing accessory apartments in commercial structures. Moreover, the bylaw might require housing affordability based on Wellfleet's Program, but not require deed restrictions, thus the units would remain ineligible for inclusion in the Subsidized Housing Inventory.

Timeframe: Years 3-5

Responsible Party: Planning Board in coordination with the Housing Committee

Resources Required: The donated time of local officials with professional support from the Town Planner.

5. Update Local LIP Regulations and Procedures

Current Status: The Town of Harwich adopted “Regulations and Procedures for Accepting Comprehensive Permit Applications Under the Local Initiative Program (LIP)” in May 2000. These guidelines included a list of qualifications for use in determining, at least initially, the acceptability of a project for support from the Board of Selectmen in a “friendly” 40B project.

Next Steps: This document has been of some use, but should be revisited to make it more consistent with current needs, priorities, resources and market conditions. It may be useful for the Board of Selectmen to appoint an Ad Hoc Task Force to review the existing document and recommend changes. It would be important to keep the revised document as consistent as possible with this Housing Production Plan as well as in line with changes in the state’s comprehensive permit regulations and guidelines.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen with support from the Zoning Board of Appeals, Planning Board and Housing Committee.

Resources Required: Donated time of representatives from various town boards and committees with some staff support (see strategy VII.A.2) or a consultant.

6. Explore Opportunities for Producing Affordable Seasonal Units

Current Status: Harwich’s 2003 Housing Strategy recommended that “in order to reduce the demand for affordable rental units in the summer months, the Planning Board and other concerned Town Committees will review and make recommendations concerning issues related to the establishment of seasonal employee congregate housing as an alternative to the fierce competition for affordable summer rentals”. Housing for seasonal employees of local businesses has typically been left to employers to provide, but affordable rentals for service employees remain limited and there are few successful models on the Cape for such housing.

Next Steps: The Housing Committee should explore what, if any, such affordable seasonal housing has been developed on the Cape and determine if there may be some opportunity to establish comparable efforts in Harwich.

Timeframe: Years 3-5

Responsible Party: Harwich Housing Committee

Resources Required: Volunteer time of members of the Housing Committee.

C. Housing Production Strategies

As noted in the Housing Needs Assessment, the Town of Harwich has made considerable progress in producing affordable housing during the past few years including:

- Approximately 30 units have been produced by non-profit and private developers from 2003 to 2008;
- Twenty-three (23) units are currently under construction including 13 ownership units and 10 rental units;

- Sixteen (16) units are ready to begin construction in 2009 including four (4) ownership units and twelve (12) rental units; and
- Over 80 units are being actively pursued including four (4) ownership units and more than 80 rental units.

As noted in Section VI, this Housing Production Plan includes production goals of at least 22 units per year or a total of approximately 44 bedrooms. This goal is likely to increase to about 25 units (or approximately 50 bedrooms) after the next decennial census count becomes available. These goals, as articulated in the Planned Production goals in Table VI-1) translate into 169 affordable units through 2014, which would bring the town to within three-quarters of the way to reaching the 10% state affordability goal.

To accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town of Harwich to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced may rely on the participation of existing property owners, most of the production will continue to rely on joint ventures with developers – for profit and non-profit – to create affordable units, which the Town has been actively pursuing over the past few years.

In addition to the participation of the development community, it will be important for Harwich to actively seek continued support from state and federal agencies. In addition to the state's Department of Housing and Community Development (DHCD), other state and quasi-public agencies that have resources to support affordable and special needs housing include MassHousing, MassDevelopment, Department of Mental Retardation, Department of Mental Health, Community Economic Development Assistance Corp. (CEDAC), Massachusetts Housing Partnership Fund, and Massachusetts Housing Investment Corporation (MHIC). Regional resources should be considered as well including the Cape Cod Commission (CCC), Barnstable County HOME Consortium, Housing Assistance Corporation (HAC), Habitat for Humanity of Cape Cod and the Community Development Partnership (formerly known as the Lower Cape Cod CDC). The local organization, Harwich Ecumenical Council for the Homeless (HECH), has also been an important partner in creating affordable housing for some of the area's neediest residents. Because affordable housing is rarely developed without private financing, project developers remain reliant on private lenders as well.

The following strategies provide the basic components for the Town to meet its housing production goals:

1. Continue to Make Suitable Public Land Available for Affordable Housing

Current Status: The contribution or "bargain sale" of land owned by public entities, including the Town and Housing Authority, but not essential for public purposes has been a major component of Harwich's housing strategy, and to date 183 units have been produced on donated Town-owned property (see Table III-22 for specific projects included in the Subsidized Housing Inventory). Another 29 units are under construction on Town-owned land or have received regulatory approvals to be built on such property.

The Town has identified a list of additional publicly-owned parcels that have already approved for future affordable housing development (see Table V-1 in Section V.A. of this Plan for the list of properties).

In addition to currently owned Town parcels, the Town of Harwich may decide that it will acquire privately owned sites in the future for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Smaller infill sites might be acquired as well to build affordable starter homes. Acquisition could occur through the private housing market, through special negotiations with existing owners who are interested in selling their properties for a discounted price in exchange for tax advantages. Also, the Housing

Committee has identified more than 28 parcels that are tax delinquent that might become available through the tax foreclosure process. The Town, through the Housing Committee, is also beginning to reach out to residents and request funding or property donations to support existing and future affordable housing projects, explaining the tax advantages involved in such contributions.

Next Steps: The Housing Committee should continue to identify and pursue surplus municipal property for the development of affordable housing. The Town is currently pursuing such properties under three major categories:

1. *American Dream II (4 ownership units)*

These lots will allow the Town of Harwich to continue its current American Dream I Program, which provides ownership opportunities for first-time homebuyers. The Board of Selectmen approved funding for this Program from the Affordable Housing Fund on December 15, 2008. (See Section III.B.4 for more information on this initiative.)

2. *Sell Land*

Town Meeting authorized the Board of Selectmen to sell a landlocked parcel of land on Chatham Road with the understanding that the proceeds of this sale would go to the Town's Affordable Housing Fund and used to support local affordable housing initiatives.

3. *Home Sweet Home (33 ownership/rental units)*

This is a new program involving the development of multiple homes in a cluster development similar to the Community Way Project that was completed in 1991, which produced seven (7) new homes through the state's Homeownership Opportunity Program (HOP).

Where appropriate, the Town should also support the costs of preliminary feasibility analyses of existing Town-owned parcels or Housing Authority owned properties, including those listed in Section V.A, or on sites identified at a later time on the open market, through negotiations with interested sellers for reduced prices or through tax foreclosures that might potentially include some amount of affordable housing. Such analyses could be funded through Community Preservation funds or the Affordable Housing Fund. In fact, the Affordable Housing Fund and CPA funding will be tapped to assist the Housing Committee in the development of lay-out concepts for its Home Sweet Home Program.

Following the necessary approvals for the conveyance of Town-owned properties, the Town's Chief Procurement Officer and a housing professional, via the Housing Authority, a designated municipal staff person, or a consultant, should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements and select a developer based also on identified criteria included in the RFP. Projects may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this might be obtained through normal regulatory channels, if community support is assured, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP) or other subsidizing agency. In fact the Chapter 40B has been used in the past in the development of a number of formerly Town-owned parcels. Additionally, the Town will need to be involved in attracting the necessary financial, technical and political support. Evidence of municipal support is often critical when seeking financial or technical assistance from regional, state or federal agencies.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen

Resources Required: The Housing Committee has been very “hands-on” in the identification and pursuit of Town-owned properties for affordable housing, working closely with the Town Administrator’s Office and the Board of Selectmen. Just recently the Housing Committee was asked to comment on a list of municipally owned property that is being reviewed as part of the Town’s Open Space Plan. The timing of this Housing Plan and the Open Space Plan provide an opportunity for the Housing Committee and the Conservation Commission, with input from other boards and committees as well, to identify properties on this list that might be suitable for affordable housing development. There are also some possible small tax title properties, currently estimated at 28, that could possibly become available for affordable housing.

Resources will also be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the “friendly” comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Harwich. Appendix 3 includes summaries of most of these programs.

Projected # Affordable Units Produced: 64 units

2. *Continue to Partner with Private Developers*

Current Status: With incentives created in the zoning bylaw to promote affordable housing (see Section VII.B) and with the availability of the “friendly 40B” option, the Town is in a good position to continue to work cooperatively with developers, both for profit and non-profit, to guide new development that incorporates affordable units. The Town of Harwich is fortunate to have a working relationship with a number of developers including the Harwich Housing Authority, Harwich Ecumenical Council for the Homeless (HECH), Community Development Partnership (formerly named the Lower Cape Cod CDC), Habitat for Humanity of Cape Cod, and McShane Construction. It has also reached out to other developers, such as Community Housing Resource, Inc., to get advice on housing issues and to encourage interest in possibly working in Harwich.

This Housing Production Plan suggests that new provisions should be made to incorporate affordable housing into the following types of development opportunities in line with “smart growth” principles:

- Mixed-use development in appropriate locations (Second Story Program),
- Redevelopment of nonresidential properties into housing (West Harwich School),
- Smaller infill housing in existing neighborhoods (Gomes Way), and
- Cluster development (Home Sweet Home, for example).

Support for such development could be processed through normal regulatory channels when the projects are in basic compliance with existing zoning or could be handled through the “friendly” 40B process offered through the state’s Local Initiative Program (LIP). Comprehensive permits have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet

local needs and priorities. Harwich has used the comprehensive permit process on a number of its affordable housing developments including the Housing Authority's Long Pond/Headwaters development, Pine Oaks III, Queen Anne's Court and 333 Route 28 for a total of 112 units or 43% of the Town's Subsidized Housing Inventory. Projects that are in development and will use the comprehensive permit process include Habitat's Gomes Way project, Main Street Extension development, West Harwich Project and Portuguese Men's Club.

Many of these projects have also incorporated more affordable units than those required under Chapter 40B. Key to the success of these new developments was the partnership between the Town and the developer to build affordable housing and the infusion of state-supported subsidy programs (see Appendix 3 for a summary of resources) as well as the expertise of the developer in building affordable housing.

Next Steps: The Town should continue to reach out to local developers who have been active in producing affordable housing to discuss the Town's interest in promoting these units, possible areas and opportunities for new development, local guidelines and priorities for new development.

To effectively guide development, the Town should also establish a process for reviewing local development proposals in their early conceptual stages to provide useful feedback to developers on preliminary plans. The Town should therefore identify the Housing Committee as the municipal entity to oversee this review and a staff person to coordinate the process (see strategy VII.A.2).

Timeframe: Years 1-2

Responsible Party: Harwich Housing Committee

Resources Required: The proposed Housing Coordinator, other designated municipal official or a consultant (could be paid by CPA funds or through the Town's Affordable Housing Fund) should take the lead in reaching out to affordable housing developers and in staffing the local proposal review process, working with developers on the "friendly" 40B process where appropriate. The Housing Committee is recommending that a Housing Consultant be hired on a yearly retainer basis.

Projected # Affordable Units Produced: 104 units

3. *Convert Existing Housing Units to Affordability*

Current Status: Harwich is also looking to preserve the affordability of the existing housing stock (see strategy VII.D.1) and convert some existing market units to state-defined "affordable" ones, thus insuring the long-term affordability of existing units.

There are a variety of program strategies that provide affordability by focusing on existing dwelling units rather than creating new ones including:

- **Mortgage Assistance Programs:** Providing subsidies to qualified first-time homebuyers to fill the gap between the market purchase price and the affordable price that is allowed under the state's Local Initiative Program (LIP).

Several towns have also adopted mortgage assistance programs. For example, the Town of Chatham has introduced the First Time Homebuyers Assistance Program that uses up to \$60,000 in CPA funds per household to fill the gap between the market price of a home and the affordable purchase price as allowed under the state's Local Initiative Program (LIP). Purchasers are pre-qualified through the Program before they are able to search in the private housing market for a

qualifying home. Purchasers are also required to attend first-time homebuyer classes and encouraged to explore more affordable mortgage financing such as loans through the state's Soft Second Loan Program. The Chatham Housing Authority administers the Program, and because its Executive Director is also the Executive Director of the Harwich Housing Authority, it would be relatively easy to extend this program into Harwich assuming additional funding for program subsidies as well as administration.

The Town of Bourne is also introducing a mortgage assistance program, referred to as the Bourne Housing Opportunity Purchase Program (B-HOPP). This Program involves matching those on a pre-qualified ready to buy list (developed through a lottery) with identified properties in the private housing market, providing the necessary subsidy to make the units affordable. Maximum subsidies are \$15,000 per bedroom for single-family homes and \$20,000 per bedroom for condominiums. Another aspect of B-HOPP is to have purchasers utilize the most advantageous mortgages available, such as through the USDA or Soft Second Program, reducing the necessary subsidy to the greatest extent possible. The Program will also allow its CPA funds to be used to bring the dwelling up to HUD Housing Quality Standards. Despite the overall downturn in the housing market, Bourne is finding that the amount of subsidy should be increased to accommodate sales prices and property repair needs.

- **Buy-downs:** Purchase of existing housing units, *renting or reselling* the units subject to a deed restriction assuring permanent affordability. Harwich has already received \$280,000 in local funding from its Affordable Housing Fund to launch a buy-down program that will be operated by the Harwich Housing Authority. Additional funding through the Community Preservation Fund will be requested at the September 2009 Special Town Meeting. The Housing Authority would purchase existing units, make necessary repairs, and then sell them to qualifying first-time buyers with support from Bailey Boyd Associates.

Buy-down programs have operated in a number of communities including the Sandwich Home Ownership Program (SHOP) implemented several years ago that produced seven (7) affordable housing units under the coordination of HAC. This is a prototype that could be used by other communities with subsidies from the Community Preservation Fund and/or HOME funding. The following is a proposed breakdown of the budgetary requirements per unit, premised on being able to find a suitable home or condo on the market for \$300,000⁴⁵:

PROPOSED USES

Acquisition costs	\$300,000
Legal fees	\$2,000
Home inspection	\$500
21E inspection ⁴⁶	\$850
2 mos. mortgage/interest payments	\$2,000
Insurance	\$120
Repairs	\$5,000
Utilities/heat	\$1,000
Overhead/administration	\$15,000
Total Uses	\$326,470

⁴⁵ More subsidy would be required for those communities with higher market values.

⁴⁶ Environmental inspection required if HOME funding is used.

PROPOSED SOURCES⁴⁷

Selling price	\$150,000
CPA funds	\$176,470
Total Sources	\$326,470

HAC is replicating this effort in Yarmouth with the prospects of possibly being able to expand it to other communities some time in the future. The Town has already committed \$500,000 in Community Preservation funding to subsidize the initiative, and HAC also received a commitment of \$130,000 from the County HOME Consortium. HAC also submitted an application to the state requesting \$100,000 per unit in program subsidies, but DHCD did not approve full funding for the initiative but subsequently agreed to commit \$20,000 per unit. Since the market has continued to soften from the time of the original application, HAC believes that it can create seven (7) affordable units with the committed funding.

Buy-down efforts have been implemented in other communities. For example, the Town of Bedford approved \$161,200 in CPA funds to enable the Bedford Housing Trust to purchase market rate or previously restricted units that still did not meet all of the requirements for counting as part of the SHI, insuring that the units would be affordable in perpetuity upon resale to qualifying households. The Program was designed primarily to try to protect the affordability of six (6) condominium units at the Shawsheen Ridge development that were initially targeted to be more affordable but did not include deed restrictions. One condominium unit has been purchased to date through this program.

The Bedford Housing Trust also purchased a duplex, conducted the necessary rehabilitation work, and converted it into two affordable condominiums that were sold to first-time homebuyers for \$125,000 each. The deed restrictions insure that the units will remain affordable in perpetuity.

Next Steps: The Town of Harwich is in the process of launching its Buy-down Program, finalizing program terms and preparing required documents including a Local Action Unit application and Affirmative Fair Housing Marketing Plan for review and approval by DHCD. It plans to purchase the units through a Request for Proposals process this summer or early fall.

At some point in the future the Town might also consider extending Chatham's First Time Homebuyer Assistance Program into Harwich, operated by the Harwich Housing Authority as well.

The Harwich Housing Authority is also having initial discussions about the development of a rental buy-down program that would involve a Request for Proposals to owners of rental properties who would agree to enter into 15-year deed restrictions to convert their rental units to affordability in line with state requirements. The Housing Authority would apply for subsidies through CPA and HOME to make necessary improvements, to manage the units and the program, and offer some compensation to the property owners as well. Additionally, the Housing Authority is considering the prospects of complementing this new rental buy-down initiative with a rental voucher program, comparable to the one they are operating in Chatham, to help low-income tenants afford to live in Harwich.

Timeframe: Years 1-2

Responsible Party: Harwich Housing Committee

⁴⁷ For some of the SHOP homes HOME and Federal Home Loan Bank funds were used which equaled \$20,000 and \$7,500 per home respectively.

Resources Required: Some professional staff time (see strategy VII.A.2) paid through CPA funds or the Affordable Housing Fund to oversee project operations. The Housing Committee is recommending that a Housing Consultant be hired on a yearly retainer basis perhaps contracting with the Harwich Housing Authority using an “intra municipal agreement contract”.

Projected # Affordable Units Produced: 12 units

4. Promote Accessory Apartments

Current Status: To date seventy-five (75) accessory apartment units have received special permits in Harwich. While none of these units have been approved through the provisions in the bylaw to incorporate affordability, accessory units add diversity to the community’s existing housing stock, incorporating small rental properties into existing dwellings.

Wellfleet has an affordable accessory apartment bylaw that promotes the development of accessory units where tenants meet income requirements but owners are not required to enter into deed restrictions nor pick tenants from a Ready Renters List. The Town also has just recently initiated a new pilot initiative, the Affordable Accessory Dwelling Unit (AADU) Loan Program, to provide qualifying local property owners with assistance in creating affordable accessory rental units. The Wellfleet Town Meeting approved \$20,000 in Community Preservation funding to provide no interest loans which will be due as a balloon payment in 30 years or when the unit is no longer used as an affordable accessory unit, whichever comes first. The funding was meant to cover two to four loans to address outstanding health and/or safety repairs in order to obtain special permit approval from the Zoning Board of Appeals for the accessory unit, however the costs of improvements will be more than what is projected under the loan program. This loan program was developed by the Wellfleet Housing Authority (WHA) in conjunction with the Community Development Partnership (Lower Cape Cod CDC) and is meant to support Wellfleet’s existing effort to promote year-round rental units, providing another incentive for property owners to convert part of their residential or commercial properties to an affordable residential accessory unit. Wellfleet has also passed special legislation to offer tax exemptions on the portion of the property rented affordably.

Next Steps: The Housing Committee should promote the existing accessory apartment bylaw, fine-tuning the bylaw as described in strategy VII.B.4 as well to better encourage such units. The Town should consider exploring other efforts to promote affordable accessory apartments, such as Wellfleet’s, as well as initiatives in other communities, and determine how best to move forward in encouraging accessory units locally. It will have to work closely with the Planning Board, particularly in determining how or whether to revise the accessory apartment bylaw (see strategy VII.B.4). For example, the Town could establish its own funding program to support loans under specific conditions for those interested in creating accessory apartments. The loan program, like Wellfleet’s, could be supported by CPA funding, the Affordable Housing Fund or even HOME funding. Moreover, the Town could prepare a Ready Renters List per LIP requirements and offer owners the opportunity to select tenants from the list, but a deed restriction would also be necessary to have the units count as affordable and part of production goals and the Subsidized Housing Inventory. Recent LIP changes, however, allow deed restrictions for accessory units to be revoked upon the discretion of the property owner but the unit will be removed from the Subsidized Housing Inventory.

Timeframe: Years 3-5

Responsible Party: Harwich Housing Committee

Resources Required: Some donated time of the Harwich Housing Committee to determine how best to modified local policies with respect to accessory apartments and to work with the Planning Board on modifying the bylaw. Some professional staff time for implementation will also be needed (see strategy VII.A.2).

Projected # Affordable Units Produced: 16 workforce or “community housing” units. This strategy will likely promote units occupied by tenants earning at or below 80% of area median income and serve an important local need for more affordable year-round rental units. However, these units may not count as part of the Subsidized Housing Inventory unless owners choose to take tenants from the Ready Renters List and enter into a deed restriction.

D. Housing Preservation and Assistance Strategies

Housing production is critical, but the Town also needs to be concerned that it does not lose current as well as future units counted as part of its Subsidized Housing Inventory to the greatest extent possible and provides assistance to residents to access affordable housing or make necessary property improvements.

1. Monitor Affordability of Subsidized Housing Inventory

Current Status: Based on how housing was financed, how long the affordability requirements were established, and other stipulations in affordability agreements, the affordable status of housing units may be in jeopardy in many communities in the future. Harwich’s existing Subsidized Housing Inventory includes a number of projects where affordability restrictions are currently projected to expire including:

- Cape Cod Commission or CDP/Lower Cape CDC Housing Rehab Program (12 units) – expiration from 2008 to 2019
- Pine Oaks Village I and II (98 units) – affordability restrictions due to expire in 2018
- 33 Route 28 (11 units) – restrictions due to expire in 2023
- Queen Anne’s Court (24 units) – expiration in 2030
- Uncle Willis Lane (2 units) – expiration in 2039
- Pine Oaks Village III (65 units) – expiration in 2042
- Community Way (5 units) – expiration in 2043 (2 units have restrictions in perpetuity)
- Little Homesteads (8 units) – expiration in 2045
- Robert Lane (4 units) – expiration in 2052

Consequently as many as 231 units might be lost to the existing Subsidized Housing Inventory. The 12 units that were part of rehab loans programs had lower subsidies per unit and 15-year affordability restrictions and will not unfairly go off the SHI as the restrictions expire. Most of the units with restrictions that are not in effect in perpetuity, are not due to have their affordability in jeopardy for many years.

Next Steps: It is important to insure that affordable housing units remain a part of the Town’s Subsidized Housing Inventory for as long a period of time as possible. While expiration dates are a ways off, developers can typically prepay their mortgages after a certain amount of time and at that point can chose to convert affordable units to market ones. The Town should closely monitor the SHI and intervene if necessary and feasible to maintain the units as affordable through the courts or through purchase and refinancing if necessary. Sometime over the next few years, the Town should contact DHCD and CEDAC to ascertain the status of the units and discuss any potential problems associated with their continued affordability. It may be necessary to also reach out to organizations and developers that are experienced in saving expiring use units to request their possible intervention if necessary.

Timeframe: Years 3-5

Responsible Party: Housing Consultant with assistance from the Housing Committee

Resources Required: Some volunteer time from the Housing Committee to make the necessary inquiries and monitor the status of existing affordable units.

Projected # Affordable Units Produced: While this strategy is unlikely to create new affordable units, it is essential for maintaining existing affordable units in the long-term.

2. *Help Qualifying Residents Access Housing Assistance*

Current Status: Despite a sluggish housing market, high housing costs are still creating problems for low-income residents. For example, renters continue to confront difficulties finding safe and decent rental units, especially during the summer. Owners, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with rising taxes, energy costs, insurance and home improvements and increasingly, some may be faced with foreclosure. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Harwich residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues.

There are a number of important local initiatives that have been developed to provide assistance to meet some of these needs including:

- *Rental Assistance Revolving Loan Program*
Based largely on the program in Chatham, the Harwich Housing Authority has recently introduced a Rental Assistance Revolving Loan Program to provide qualifying households with first, last and/or security deposits for rental units in Harwich. The Harwich Housing Authority presented the Program to the Town and received initial funding of \$100,000 through the Town's Community Preservation Fund towards the purpose of making it easier for households to access year-round housing and to build opportunities for lower income households to budget for homeownership (see Section III.E for more details).
- *Housing Rehabilitation Loan Program*
The Town of Harwich, jointly with the Town of Dennis, was recently awarded federal Community Development Block Grant (CDBG) funding to support the rehabilitation of at least a dozen properties owned or rented by low- or moderate-income residents (earning at or within 80% of area median income) in the Harwich Center area. The funding, which totals almost \$1 million to be split between the two towns, comes from HUD but is administered by the state's Department of Housing and Community Development (DHCD). The community development consultant, Bailey Boyd Associates, prepared the grant application for the funding and is also coordinating program implementation. A follow-up grant application for 2009 has been submitted with award notification scheduled for fall 2009.

There are also counseling programs available to help renters prepare for homeownership and to assist existing residents in preventing foreclosure. The Housing Assistance Corporation has received state and federal funding to provide this counseling, however, pending cut-backs in funding may reduce their capacity to provide such assistance.

Additional programs operated by the Housing Assistance Corporation (HAC) are available to qualifying local residents to assist in home improvements including the following:

- *Existing Homeowner Rehabilitation Assistance Program*
Provides a no-interest, deferred payment loan to qualifying homeowners, the amount not to exceed \$25,000 and to be repaid upon the sale or refinancing of the property. The maximum house value for participating properties is \$362,000 and consequently most properties in Harwich may not qualify. The needs of seniors, handicapped and single parents are given priority consideration for funding, as are houses with substantial repair needs.
- *Get the Lead Out*
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children.
- *Home Modification Loan Program*
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwrap*
An emergency repair program for households receiving fuel assistance that require the repair or replacement of their heating system.
- *Keyspan Gas Program*
Provides installation, caulking and weather stripping to income-eligible tenants and homeowners who heat with Keyspan Gas and receive the lowered gas rate.
- *Cape Light Compact Efficiency Program*
Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) and technical assistance to qualifying tenants and homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

Next Steps: Through the community educational campaign recommended in Section VII.A.1, important information on rental assistance, education and counseling services and housing improvement resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging and Housing Authority should provide the necessary education and referrals to programs sponsored by the Harwich Housing Authority, Bailey Boyd Associates, Housing Assistance Corporation and MassHousing.

Timeframe: Years 1-2

Responsible Party: Harwich Housing Authority and Council on Aging

Resources Required: Donated time of volunteers or some limited staff time from the Council on Aging and Harwich Housing Authority.

Projected # Affordable Units Produced: The available home repair programs provide needed assistance, helping seniors and others with special needs remain independent in their homes, however, these programs do not typically include the necessary requirements to enable properties to be included in the SHI with the exception of those programs that require deed restrictions including the Home Repair Programs operated by HAC and Bailey Boyd Associates.

APPENDIX 1
Summary of Housing Strategies

Strategies	Priority for Implementation		# Affordable Units	Responsible Party**
	In Years 1-2	In Years 3-5		
Capacity Building Strategies				
1. Conduct ongoing community education	X		*	HC
2. Secure sufficient professional oversight	X		*	BOS/HC
3. Continue to apply for Commonwealth Capital scoring	X		*	BOS
Zoning and Planning Strategies				
1. Integrate affordable housing in the OSRD bylaw	X		*	PB
2. Adopt inclusionary zoning	X		*	PB
3. Promote affordable housing in mixed-use development		X	*	PB
4. Modify accessory apartment bylaw		X	*	PB/HC
5. Update local LIP regulations and procedures	X		*	BOS/ZBA
6. Explore opportunities for producing affordable seasonal housing units		X	*	HC
Housing Production Strategies				
1. Continue to make suitable public land available for affordable housing	X		64	HC/BOS
2. Continue to partner with private developers	X		104	HC
3. Convert existing housing to affordability	X		12	HC/HHA
4. Promote accessory apartments	X		16 (not in SHI)*	HC
Housing Preservation and Assistance Strategies				
1. Monitor Subsidized Housing Inventory	X		*	HC
2. Help qualifying residents access housing assistance	X		*	HC/HA/COA

**Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, do not add to the Subsidized Housing Inventory, or cannot be counted towards production goals.*

**** Abbreviations**

Housing Committee = HC

Housing Authority = HA

Board of Selectmen = BOS

Planning Board = PB Council on Aging = COA ZBA = Zoning Board of Appeals

APPENDIX 2

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate permit applications that are typically required by a number of local departments as part of the normal development process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., building department, planning department, highway department, fire department, sanitation department, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act and Department of Environmental Protection, the Building Inspector applies the state building code, and the Board of Health enforces Title V.

For a development to qualify under Chapter 40B, it must meet all of the following requirements:

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- Restrictions must run for minimum of 30 years or longer for new construction or for a minimum of 15 years or longer for rehabilitation. Alternatively, the project can provide 20% of the units to households below 50% of area median income. Now new homeownership must have deed restrictions that extend in perpetuity.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met⁴⁸:

- The community has met the “statutory minima” by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community’s land area.
- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.

⁴⁸ Section 56.03 of the new Chapter 40B regulations.

- The application is for a “large project” that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A “related application” for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.⁴⁹ Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and DHCD in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, DHCD will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA’s position). Either the ZBA or application can appeal DHCD’s decision by filing an interlocutory appeal with the Housing appeals Committee (HAC) within 20 days of receiving DHCD’s decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

Recent changes to Chapter 40B also address when a community can count a unit as eligible for inclusion in the SHI including:

- *40R*
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

⁴⁹ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined per requirements under the state's Local Initiative Program.

While there are ongoing discussions regarding how the state should count the affordable units for the purpose of determining whether a community has met the 10% goal, in a rental project if the subsidy applies to the entire project, all units are counted towards the state standard. For homeownership projects, only the units made affordable to those households earning within 80% of median income can be attributed to the affordable housing inventory.

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Board of Selectmen for a 30-day comment period. The Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the Board of Selectmen for their endorsement of the project, and they can make a joint application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

Recent changes to 40B regulations expands the items a subsidizing agency must consider when determining site eligibility including:

- *Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.*
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.
- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief

executive officer of the municipality or applicant request otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical “peer review” fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process. Here is the chance for the Zoning Board of Appeals’ consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters – called peer review. Consistency of the project with local needs is the central principal in the review process.

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project “uneconomic”. The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

New Chapter 40B regulations now add a number of requirements related to the hearing process that include:

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that their rules are consistent with Chapter 40B.
- Local boards cannot impose “unreasonable or unnecessary” time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA’s can review pro formas.
- Zoning waivers are only required under “as of right” requirements, not from special permit requirements.
- Forbids ZBA’s from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.

- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

After the public hearing is closed, the ZBA must set-aside at least two sessions for deliberations within 40 days of the close of the hearing. These deliberations can result in either approval, approval with conditions, or denial.

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of "reasonable return" to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality's year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met housing production goals based on an approved plan or other statutory minima listed above. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing "standing" in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate "legal error" in the decision of the ZBA or HAC.

B. Housing Production Regulations

As part of the Chapter 40B comprehensive permit regulations, the Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (22 units and 44 units, respectively, for Harwich until the new census figures are available in 2011) for *approval* by DHCD.⁵⁰

⁵⁰ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.
 - Participation in regional collaborations addressing housing development.

Plans must be adopted by the Board of Selectmen and Planning Board, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.⁵¹

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”⁵² The key components of 40R include:

⁵¹ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

⁵² Massachusetts General Law, Chapter 40R, Section 11.

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

The incentives prescribed by the Task Force and passed by the Legislature include an incentive payment upon the passage of the Overlay District based on the number of projected housing units as follows:

Incentive Payments	
Incentive Units	Payments
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000
210-500	\$350,000
501 or more	\$600,000

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”⁵³

The principal benefits of 40R include:

- Expands a community’s planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;

⁵³ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called “friendly” 40B’s, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

Income and Assets

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.
- For homeownership units, the household may not have owned a home within the past three years except for age-restricted “over 55” housing.
- For homeownership projects, assets may not be greater than \$75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than \$200,000.
- Income and asset limits determine eligibility for lottery participation.

Allowable Sales Prices and Rents⁵⁴

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and

⁵⁴ DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.

- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees⁵⁵, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

Marketing and Outreach (refer to state Affirmative Fair Housing Marketing Plan guidelines dated June 25, 2008.)

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.

⁵⁵ DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008)).
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

1 bedroom – 700 square feet/1 bath
 2 bedrooms – 900 square feet/1 bath
 3 bedrooms – 1,200 square feet/ 1 ½ baths
 4 bedrooms – 1,400 square feet/2 baths

- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is largely developer driven. It is based on the understanding that the developer and Town are working together on a project that meets community needs. Minimum requirements include:

1. Written support of the municipality’s chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.

2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is as follows:

1. Application process
 - Developer meets with Town
 - Developer and Town agree to proposal
 - Town chief elected officer submits application to DHCD with developer's input
2. DHCD review involves the consideration of:
 - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
 - Number and type of units,
 - Pricing of units to be affordable to households earning no more than 70% of area median income,
 - Affirmative marketing plan,
 - Financing, and
 - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
 - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
 - Developer forms a limited dividend corporation that limits profits.
 - The developer and Town sign a regulatory agreement.
5. Marketing
 - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to a maximum of 70% of the affordable units.
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.
6. DHCD approval must include
 - Marketing plan, lottery application, and lottery explanatory materials
 - Regulatory agreement (DHCD is a signatory)
 - Deed rider (Use standard LIP document)

- Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

As mentioned above, in addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are created as a result of some local action. Following occupancy of the units, a Local Action Units application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Janice Lesniak of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: Janice.lesniak@state.ma.us). For resale questions contact Elsa Campbell, Housing Specialist (phone: 617-573-1321; fax: 617-573-1330; email: elsa.campbell@state.ma.us).

E. Commonwealth Capital⁵⁶

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

⁵⁶ This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*
- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Draft changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for any of the Commonwealth Capital programs, the other 70% points related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)
- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Harwich are described below.⁵⁷

A. Technical Assistance

1. *Priority Development Fund*⁵⁸

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making \$3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

⁵⁷ Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts. Produced by the Citizen's Housing and Planning Association, June 1999.

⁵⁸ Description taken from the state's program description.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources, however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

- Eligibility of activity;
- Public support;
- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to \$50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as “Initiatives of Exceptional Merit,” in order to increase the amount of assistance and scope of services for certain projects.

2. *Peer to Peer Technical Assistance*

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than \$1,000, providing up to 30 hours of technical assistance.

Applications are accepted on a continuous basis, but funding is limited. To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Board of Selectmen or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality's satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

3. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

4. *MHP Chapter 40B Technical Assistance Program*

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

MHP recently announced new guidelines to help cities and towns review housing development proposals under Chapter 40B including:

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development “uneconomic”.
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.
- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

5. *Smart Growth Technical Assistance Grants*

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to \$30,000 per community to implement

smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application, and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006, but no applications were required in FY 2006 if one had been submitted previously. Nevertheless, communities are able to submit supplemental information that will likely help boost their scores and competitiveness for state discretionary resources.

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

1. *HOME Program*

HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Harwich, can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

Like all other communities on Cape Cod, Harwich is part of the Barnstable County HOME Consortium and has access to HOME funding.

2. Community Development Block Grant Program (CDBG)

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

The program that potentially has the greatest applicability in Harwich is the **Housing Development Support Program (HDSP)** that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There is a maximum of \$500,000 plus administrative costs but the program can go up to \$750,000 per project for somewhat larger developments of up to ten units that involve mixed-use or adaptive reuse projects. A majority of the units must be affordable. All state and federal grants cannot exceed 75% of total project costs with the exception of special needs projects where such grants can amount to 100% of total costs. Funding involves a two-step process: 1) a notice of intent that provides basic information on the project, and 2) the municipality may be invited to submit a full application. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent

years. This may be the best source of CDBG funding for Harwich besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. *Housing Stabilization Fund (HSF)*

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. *Low Income Housing Tax Credit Program*

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

5. *Affordable Housing Trust Fund*

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to

support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.
- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6. *Housing Innovations Fund (HIF)*

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)*

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

8. *MHP Permanent Rental Financing Program*

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

9. *OneSource Program*

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

10. *Section 8 Rental Assistance*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *Massachusetts Preservation Projects Fund*

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to \$30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from \$7,500 to \$100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. *District Improvement Financing Program (DIF)*

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

13. *Urban Center Housing Tax Increment Financing Zone (UCH-TIF)*

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the “increment”) of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

14. *Community Based Housing Program*

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit’s Total Development Costs up to a maximum of \$750,000 per project.

C. Homebuyer Financing and Counseling

1. *Soft Second Loan Program*

The Massachusetts Housing Partnership Fund, in coordination with the state’s Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent \$1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or \$20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Harwich is already a participating community in the Program.

2. *American Dream Downpayment Assistance Program*

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. *Homebuyer Counseling*

There are a number of programs, including the Soft Second Loan Program and MassHousing’s Home Improvement Loan Program, as well as Chapter 40B homeownership projects, that require purchasers to

attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organization that offers these workshops in closest proximity to Harwich is the Housing Assistance Corporation or Lower Cape Cod CDC.

4. *Self-Help Housing.*

Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects.

D. Home Improvement Financing

1. *MassHousing Home Improvement Loan Program (HILP)*

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

APPENDIX 3

Glossary of Housing Terms⁵⁹

Affordable Housing

A subjective term, but as used in this Plan, refers to housing available to a household earning no more than 80% of area median income at a cost that is no more than 30% of total household income.

Area Median Income (AMI)

The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs. Sometimes referred to as “MFI” or median family income.

Chapter 40B

The state’s comprehensive permit law, enacted in 1969, which established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds’ fees.

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B “anti-snob zoning” law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

Department of Housing and Community Development (DHCD)

The state’s lead agency for housing and community development programs and policy. It oversees state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

Fair Housing Act

Federal legislation, first enacted in 1968, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

⁵⁹ Heudorfer, Bonnie, “Taking the Initiative: A Guidebook on Creating Local Affordable Housing Strategies”, Citizens Housing and Planning Association with funding from the Massachusetts Housing Partnership Fund, November 2002.

Inclusionary Zoning

A zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development, which in turn allows undeveloped land to remain open and green.

Local Initiative Program (LIP)

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

The term is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-profit Housing Organizations

Regional non-profit housing organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8

vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. The Housing Assistance Corporation (HAC) serves as Harwich's regional non-profit housing organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Cape Cod Commission serves as Harwich's regional planning agency.

Request for Proposals (RFP)

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

Section 8

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the “layering” of subsidies, in order to make a project feasible. In the state's Local Initiative Program (LIP), DHCD's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

Subsidized Housing Inventory (SHI)

This is the official list of units, by municipality, that count toward a community's 10% goal as prescribed by Chapter 40B comprehensive permit law.

U.S. Department of Housing and Urban Development (HUD)

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.